Yamana Annual Report 2019

YAMANAGOLD

The Stage is Set

YAMANA GOLD is a Canadian-based precious metals producer with significant gold and silver production, development stage properties, exploration properties, and land positions throughout the Americas, including 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.

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COVER : Sheila Magalhães, geologist at the Jacobina mine, evaluates rock samples. Sheila has been at Yamana since 2006 and works on geologic modelling.

Evolve, Adapt, Advance

To be successful in mining, companies must take a long-term strategic perspective. At Yamana, our planning and development activities are measured in years and our exploration program in decades. At the same time, mining companies must also constantly evolve and adapt. That is because change is the one constant in our business, be it in commodity prices, laws and regulations, or community expectations. We as leaders, therefore, must be nimble, proactive, and avoid complacency at all costs or risk being left behind.

Peter Marrone
Executive Chair

In Yamana's sixteen year history, the Company has undergone several evolutions, always emerging stronger. Two thousand nineteen marked the culmination of our latest evolution—and we are stronger than ever. We significantly improved our balance sheet and financial flexibility, reducing net debt by $889.1 million. Net free cash flow increased by 63% to $358.4 million, underpinning an equally dramatic improvement in our cash position, which climbed 61% to $158.8 million at year-end 2019. We raised our annual dividend by 150% from 2 cents per share to 5 cents. Our production exceeded guidance, our projects progressed, our mineral reserves grew, and our health, safety, environmental, and community performance continued to meet the high standards that we set for ourselves and that our community partners expect and deserve.

We are, as a result, well positioned to further advance our organic growth projects and exploration pipeline while continuing to increase shareholder returns. We are equally well positioned to benefit fully from the resurgence in the price of gold, which surpassed $1,500 per ounce last year. Indeed, we are already benefiting, as higher metal prices coupled with our improved fundamentals to drive our share price up by 67% last year on the New York

Stock Exchange, among the highest in our peer group. And yet, despite the increase, Yamana continues to demonstrate considerable upside especially if we measure ourselves against a peer multiple to cash flow generation. Yamana is on the cusp of a new growth phase that is expected to carry us into the next several decades.

Context is important and, given what I mentioned earlier as the long-term nature of our industry, I would like to briefly discuss what longer-term decisions were made that got us here.

Chapada Sale the Final Piece of the Puzzle

Last year on these pages, I outlined our multi-year strategy to improve our portfolio, mine plans, management, board, governance, efficiency, and production. This encompassed numerous changes including: the rightsizing of El Peñón, which enjoyed its strongest year since we implemented the rightsizing in late 2016; the reset at Jacobina, which posted record production for the second straight year; the development of Cerro Moro, our newest mine; the streamlining of our portfolio with the sale of Mercedes and Gualcamayo along with the spin off of Brio Gold; the refresh of our board and enhancements to our management structure, including centralizing senior leadership at our head office and appointing a new generation of general managers at our mines.

These changes helped us achieve many of the aforementioned objectives making us more lean, nimble, efficient, and diverse, while streamlining and strengthening our portfolio. But there was a final step that we needed to take to get to where we needed to be, and that was the sale of Chapada. We sold the operation for an initial $800 million cash payment plus several contingency payments, one of which we later monetized, bringing total cash consideration to $865.5 million.

We were prudently managing our portfolio to properly manage allocation of capital and mitigate risk. We reasoned that the asset would be in a period of lower cash flows which coincided with required capital spending. Further, we were aware of the significant sensitivity Chapada had to metal prices and we were not prepared to take the risk on copper prices declining instead of increasing. We took a contrarian view on copper prices to protect ourselves against risk, which led to the decision to sell the asset. We recognized fair value and the knowledge that the buyer would take a long-term view to improving the asset and absorbing the impact of potentially lower metal prices.

While we believed it was the right time to sell Chapada, we did not take this decision lightly. Chapada was Yamana's first major mine and significant cash flow contributor, entering production shortly after we

"Yamana is on the cusp of a new growth phase that is expected to carry us into the next several decades."

Operations

Canadian Malartic, Canada
- 50% Yamana Owned
- Open pit gold mine

Jacobina, Brazil
- 100% Yamana Owned
- Complex of Underground Mines

El Peñón, Chile
- 100% Yamana Owned
- High grade underground gold-silver mine

Minera Florida, Chile
- 100% Yamana Owned
- Underground gold-silver mine

Cerro Moro, Argentina
- 100% Yamana Owned
- Open pit/Underground Mine

took the Company public in 2003. Before we acquired it, Chapada had been an advanced exploration project for decades but no one had been able to develop it. We saw the potential, however, and we were bullish on copper. Despite long odds, we developed Chapada on budget and ahead of schedule. Over time, we turned it into a world-quality asset unlocking significant value. In so doing, we did not only build a successful mining operation, we built close ties with the communities we supported and the thousands of people we hired, trained, and watched flourish. It is no easy thing to part with so many people who you care deeply for. But there comes a time—and this is true of all assets—when you can obtain better value from a sale. We found a buyer who we believed would nurture what we built and provide fair value. We recognized that the sale of Chapada would have shorter-term consequences, especially on our share price, but reasoned that the longer-term benefits would outweigh those shorter-term consequences.

Consideration for Chapada also included several contingency payments, one of which effectively gave us an option on the price of gold. This contingency, or Gold Price Instrument, gave Yamana the right to receive up to $125 million in cash based on the price of gold over the five-year period from the close of the transaction. It also gave us the right to monetize the Gold Price Instrument at any time. While we could not have predicted the sharp increase in the price of gold following the sale, the upturn provided an immediate opportunity to monetize the instrument and increase our cash balance. After conducting an in-depth analysis, we chose to leverage that opportunity, monetizing the Gold Price Instrument for $65.5 million in a competitive bidding process.

In the wake of the sale, we took a critical lens to our corporate overhead to align our cost structure to our remaining assets. This resulted in a $15 million reduction in annual general and administrative (G&A) expenses and a further streamlining of our organizational structure. Our annual G&A costs are now approximately $60 million, down from $75 million at the start of 2018, a 20% reduction.

Advancing Agua Rica

While the Chapada sale was an important driver of our success last year, it was far from the only driver. We made significant progress towards the development of the Agua Rica project in 2019. Agua Rica is a large copper, gold, silver and molybdenum project located in the Catamarca province of Argentina. The potential of this project has not always been well understood, not unlike Chapada in its pre-development stage. But that is beginning to change.

In March 2019, we announced an integration agreement with our partners in the Agua Rica project,

> “Agua Rica as one of the longest life, lowest capital intensity copper projects in the world.”

Glencore and Newmont, under which the project would be developed and operated using the existing infrastructure of the Alumbrera mine. The agreement significantly de-risks the project and reduces its complexity and environmental footprint.

We also released positive pre-feasibility results last year that further underscored Agua Rica as one of the longest life, lowest capital intensity copper projects in the world. We continue to review strategic and value-creating alternatives to advance the project towards a full feasibility study. We are excited about the potential of this project and the value that it will create for our shareholders.

Sticking to Our Knitting

When I am asked how Yamana's strategy will change in this higher gold price environment, I typically respond as follows: "We plan to stick to our knitting."

In other words, our strategy will not change. We will focus on the compelling growth opportunities at our existing operations, we will advance our project pipeline, we will continue to invest in exploration, and we will continue to maximize free cash flow and shareholder returns. The higher gold price does, however, further improve our financial flexibility. The fact is we were generating free cash at $1,200 gold; we generate substantially more at $1,500 gold, and that is all upside for our shareholders.

Maximizing return on investment to shareholders through sustainable dividends is key to our strategy. Last year, we announced two dividend increases, bringing our annual dividend to 5 cents per share from 2 cents. We also—in a rare step for our industry—established a reserve fund to maintain sustainability of our dividend for at least three years. In addition, we adopted a policy of treating dividends on a per gold equivalent ounce (GEO) basis with a target range of $50 to $100 per GEO. We are already at $50 per GEO, and we will regularly evaluate whether we can sustain additional increases.

Jacobina a World-Quality Mine

We will continue to leverage our deep expertise and experience in geological modelling, asset interpretation, and mine planning and development to improve our portfolio. This know-how is rooted in our DNA, dating back to our earliest days at Chapada to more recent initiatives such as the right-sizing of El Peñón and recalibration of Jacobina.

Jacobina has emerged as a world-quality mine in recent years. The mine produced a record 159,000 ounces of gold last year while increasing mineral reserves by 19%. We are very pleased with these results, but the best is still to come. The operation is advancing a two-phased expansion, with Phase 1 involving modest plant upgrades that will increase throughput to a sustainable 6,500 tonnes per day and raise gold production to 170,000 ounces per year. Daniel addresses the expansion project in greater detail in his letter that follows, but I think it is worth noting that Jacobina is a mine that was producing just 75,000 ounces as recently as 2014. We took the deliberate step six years ago to scale back production to allow time for development work to advance and for further exploration into new mineralized areas. Many people strongly advised us to sell the asset around that time, but we saw the potential, and that patience, persistence, planning and the ability to adapt that I spoke of at the start of this letter has paid off.

El Peñón Continues to Replace Reserves

Strong exploration results were a common theme across our operations last year. This includes the El Peñón mine, which developed a new structural interpretation of faulting in the mine's Deep Orito vein that is helping to define new high grade mineralization with the potential to increase mine life.

El Peñón is a resilient operation that has continually replaced mineral reserves, and last year was no different. The mine replaced gold and silver mineral reserves over and above depletion by 15% and 21%, respectively, marking the third straight year mineral reserves ended the year higher than where they started. We are confident that this mine has a lot of life in it yet.

East Gouldie Discovery Significant Milestone

We have been working for several years now with Agnico Eagle, our joint venture partner at Canadian Malartic, to build a critical mass of mineral resources to facilitate an underground mining operation at Canadian Malartic. The discovery of the East Gouldie zone, announced last September, was a significant milestone in this regard. Drilling results indicate that the East Gouldie, East Malartic, and Sladen zones are converging at depth, suggesting the prospect of a large underground bulk tonnage opportunity that has the potential to extend mine life at higher grades. We look forward to updating you on this exciting development as exploration progresses.

Laying the Foundation for the Next Generation of Yamana Mines

We have always taken a long-term strategic perspective with a decades-long time horizon. That is why we created a generative exploration program to advance the most highly prospective exploration projects in our portfolio. We are confident that at least one future Yamana mine will emerge from this program with a gold inventory large enough to support a mine with 150,000 ounces of annual production for at least eight years.

While the program is currently focused on projects in Brazil and Canada, Yamana also holds large land packages in Chile and Argentina that we continue to explore and evaluate. We have the flexibility to quickly prioritize these or other projects in the portfolio as and when merited by drill results.

We are allocating $53 million to the generative exploration program over three years, a large portion of which will be derived from the recent monetization of our royalty portfolio.

Monetizing Inactive Assets an Important Part of Our Strategy

Monetizing inactive assets, such as our royalty portfolio, and applying the proceeds towards active assets is another important element of our strategy. Monetizations provide an alternative source of capital that allows us to invest in our portfolio while ensuring we continue to meet our primary objective of maximizing free cash flow and returning cash to shareholders.

We recently sold our royalty portfolio for total consideration of $65 million to Guerrero Ventures. This included $20 million in cash, which, as mentioned, will help fund the generative exploration program. It also included shares in a newly created royalty company valued at $45 million. The new company, Nomad Royalty, has a highly experienced management team, strong asset base, and a mandate to grow. We believe Nomad has considerable upside and, going forward, we will have the option to monetize this asset and generate

"We are confident that at least one future Yamana mine will emerge from this program with a gold inventory large enough to support a mine with 150,000 ounces of annual production for at least eight years."

substantial additional value for our shareholders.

This model, I would note, is similar to the approach that we took with the creation of our Brio Gold subsidiary several years ago. Brio became a successful standalone public company that provided valuation upside to Yamana after it was acquired by Leagold Mining Corp., which itself recently merged with Equinox Gold Corp., generating even more value for Yamana.

High ESG Standards Integral to Running a Profitable Business

We have always taken our environmental, social and governance (ESG) responsibilities and obligations with the utmost seriousness. We believe that high ESG standards go hand in hand with running a profitable business and attracting investment. Indeed, many of the world's largest institutional investors are paying much closer attention to ESG performance than ever before. We welcome this attention, and believe our high standards and strong performance in the areas of health, safety, environment, and community relations are competitive advantages for Yamana.

I am pleased to report that our total recordable injury frequency rate fell to 0.57 in 2019, a 5% decrease from 2018, and a 24% decline over the past three years. El Peñón has been a standout in this regard, achieving its second straight year without a lost-time injury. We also continued to advance our climate change strategy last year, implementing action plans to mitigate potential impacts identified by risk assessments conducted in 2018.

Stronger Than Ever

I would like to close by thanking my fellow Board members. Your support, wisdom, and guidance were invaluable in what was another exciting and eventful year for Yamana. I would also like to express my gratitude and appreciation to Yamana's employees across the Americas for their hard work, diligence, and dedication. You are the lifeblood of this Company and your commitment to excellence every day is what truly drives our success. Finally, I would like to acknowledge and thank all of our stakeholders for their continued support and trust in Yamana.

We have, as I said at the start of this letter, completed the latest evolution of Yamana and laid the foundation for a new phase of growth. We have strengthened our portfolio and we are advancing significant growth projects. We are laser-focused on maximizing free cash flow and continuing to increase shareholder returns. The stage is set, we are stronger than ever, and we will continue to deliver.

"Peter Marrone"

Peter Marrone
Executive Chairman

1.02M GEO

900k oz Gold

10.6M oz Silver

Achieving Sustained Excellence

Operational excellence is a core value at Yamana. It is an inherently difficult objective to achieve because the bar is constantly being raised, but I can tell you that in 2019 we achieved sustained excellence in many areas of our operations.

Daniel Racine
President and Chief Executive Officer

The El Peñón mine achieved a second straight year without a lost-time injury. That is 8.9 million work hours, a remarkable accomplishment. Jacobina increased production in each quarter of 2019 en route to its second straight year of record production. Minera Florida closed out 2019 in outstanding fashion, producing 8,200 ounces of gold during December, its best month of the year and, we believe, a sign of things to come.

Production Exceeds Guidance

Achieving sustained excellence translated into strong financial and operational results. Gold, silver, and gold equivalent ounce (GEO) production all exceeded guidance. Net earnings of $225.6 million, or 24 cents per share basic and diluted, were our highest in seven years. Free cash flow and cash balances both increased sharply, improving financial flexibility and allowing us to continue reducing net debt following the sale of Chapada. In the fourth quarter, we lowered net debt by a further $59.8 million to $889.1 million, and we expect this downward trend to accelerate in 2020 as our free cash flow profile continues to grow.

Costs were in line with guidance after factoring in the removal of production from Chapada in the second half of 2019 along with the higher GEO ratio that resulted from gold's outperformance versus silver and increased spending on exploration.

Strong Year in Exploration

The decision to increase exploration spend was deliberate, aimed at building on the robust drilling results being obtained across our operations. We issued positive exploration updates for all five of our mines in the second half of 2019, announcing new high-grade mineralization in key sectors of the Jacobina mine, new veins at better than life-of-mine grades in the PV Sur-Fantasma corridor at Minera Florida, and the discovery of a new mineralized zone at Cerro Moro, to share a few notable results.

Earlier this year, we provided an update on our generative exploration program, which focuses on our most prospective advanced and advancing exploration projects such as Lavra Velha and Jacobina Norte in Brazil and Monument Bay and Domain here in Canada. We are budgeting $53 million for the program over three years with the bulk of that funding to be derived from monetizations of non-cash producing assets, as Peter explained in his letter. We believe that using this alternative method of funding creates an optimum balance between investing in new projects and maximizing free cash flow.

Canadian Malartic Inferred Mineral Resources Rise Sharply

At Canadian Malartic, positive drilling results propelled the operation to a 111 per cent increase in inferred mineral resources last year. The East Malartic zone and the newly discovered East Gouldie zone accounted for a significant portion of these gains. We announced the East Gouldie discovery in September 2019 and issued a maiden resource for the deposit earlier this year. The zone currently consists of 12.8 million tonnes of ore at 3.34 grams per tonne for 1.37 million ounces (50% basis). East Gouldie remains open in all directions and, together with the East Malartic, Odyssey, Rand, Sheehan, and Sladen zones, it is a key source of organic growth that continues to advance with the end goal of developing a significant underground mining operation at Canadian Malartic.

Jacobina Phased Expansion on Track

Jacobina increased mineral reserves by 19 per cent last year and is our longest life mine with an estimated life of at least 16 years. The mine's robust reserve base supports the phased expansion plan, another key organic growth initiative for Yamana. Phase 1, calls for an increase in daily throughput to a sustainable 6,500 tonnes per day bringing production to 170,000 ounces per year. The target date for completion of this initial phase is mid-2020.

Phase 2 envisions a broader plant expansion to raise throughput to 7,500-to-8,500 tonnes per day and increase production to up to 225,000 ounces per year. A prefeasibility study to evaluate project economics along with optimum mining and a development timeline is expected to be completed in the first quarter of 2020.

> "At Canadian Malartic, positive drilling results propelled the operation to a 111 per cent increase in inferred mineral resources last year."

El Peñón Finding New Ways to Increase Mineral Reserves

El Peñón continues to prove its resilience. The mine is currently completing its twenty-first year of operation and gold mineral reserves are higher today than they were when operations commenced in 1999. The mine increased mineral reserves for gold and silver well beyond depletion for the third straight year. A contributing factor to these stellar results is the use of artificial intelligence and machine learning to reinforce conventional drill targeting and identify additional zones of interest. This has generated positive results and is a good example of how Yamana strategically integrates technology in cost-effective ways to improve efficiency and productivity.

Cerro Moro Silver Production Exceeded Plan in 2019

At Cerro Moro, silver production exceeded plan in 2019, but the positive impact on GEO production was partially offset by the higher GEO ratio that resulted from gold's outperformance relative to silver during the year. We expect silver to continue to be a meaningful contributor to GEO in 2020 in relation to gold. We also expect the Zoe underground mine, which experienced slight sequencing delays in the fourth quarter of 2019, to be a more meaningful contributor to production in 2020, along with a return to mineral reserve grade mining and processing. It is also expected that in 2020, Cerro Moro will have more meaningful contributions from underground mines, providing enhanced mine flexibility and efficiencies.

The operation continues to pursue a drilling and surface exploration program at near-mine targets and across the property. In 2019, gold and silver inferred mineral resources rose 29% and 10%, respectively.

Minera Florida has Turned the Corner

Minera Florida had its strongest operational performance of the year in the fourth quarter underpinned by a very strong December. Quarter on quarter throughput increased, as did grades and mechanical availability. On that latter point, and in yet another example of how we have become more nimble and efficient, we transferred certain equipment from El Peñón and Jacobina to Minera Florida in recent quarters that those operations did not require due to improved efficiencies. This equipment transfer had the duo benefit of reducing additional capital expenditures at Minera Florida and improving productivity at the mine.

In relation to mining sequence, we continued to shift production to the core mine to focus on exploration and development in the Agua Fria concessions and prepare the PVS, Pataguas, and Don Leopoldo veins for long-term success. We truly believe that this mine has turned the corner.

"El Peñón is currently completing its twenty-first year of operation and gold mineral reserves are higher today than they were when operations commenced in 1999."

Mineral Reserves and Resources Replaced Depletion

We replaced mineral reserve depletion in 2019, exiting the year with 7.86 million ounces of gold mineral reserves. Measured and indicated gold mineral resources increased in 2019 to 12.67 million ounces while gold inferred mineral resources surged 27 per cent to 12.08 million ounces. Canadian Malartic was a substantial contributor, adding 2.57 million ounces of new inferred mineral resources last year, while Jacobina increased its inferred mineral resource inventory by 398,000 ounces.

We exited 2019 with 63.82 million ounces of silver mineral reserves along with 90.1 million ounces in the measured and indicated and inferred mineral resource categories. El Peñón, as noted above, was a standout, adding just over 9 million ounces of new silver mineral resources in the measured and indicated category and 1.4 million ounces in the inferred mineral resource category.

We made significant progress on the Agua Rica project last year, as Peter mentioned in his letter. Proven and probable gold mineral reserves increased by 13 per cent from year-end 2018 to 7.4 million ounces, while proven and probable copper mineral reserves rose 21 per cent to 11.8 billion pounds. Mineral resources decreased marginally due to the conversion of ounces to mineral reserves, but we are excited about this project and the value that it represents to our shareholders.

Social License to Operate Index

We continue to work closely with our host communities to understand their priorities and ensure that our community programs align with those priorities. One way we measure how we are performing is through our social license to operate index. The index is a series of quarterly community perception surveys designed to give us a quantitative evaluation of our social license and provide feedback on our social license, a driver of ESG (environmental, social, and governance) performance. We began implementing this leading-edge tool in 2018 and I am pleased to inform you that the perception of our social license has increased significantly.

The Stage is Set

We are on an evolutionary continuum that continues to make us better, stronger, and able to deliver more value. Our free cash flow has grown to a point where we can continue reducing debt while supporting a substantially higher dividend and advancing our organic growth initiatives. We have a strong portfolio of operating assets and projects in the Americas with excellent potential to increase mineral reserves and extend mine life. And, most importantly, are business is underpinned by outstanding people at every level of the organization who are fully committed to our culture of excellence. I would like to take this opportunity to thank our employees for their dedication and commitment to safety and production, which in my 30-plus years of mining, have always gone hand in hand. And, lastly, I would like to thank all of our stakeholders, including our community and government partners, shareholders, suppliers, and the many non-governmental organizations with whom we work to make a positive difference. We will continue to work relentlessly to maintain your trust and support.

"Daniel Racine"

Daniel Racine
President and Chief Executive Officer

Mineral Reserves and Mineral Resources

Mineral Reserves *(Proven and Probable)*

	Proven Mineral Reserves			Probable Mineral Reserves			Total – Proven and Probable		
Gold	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									
Canadian Malartic Open Pit (50%)	23,847	0.83	635	43,057	1.27	1,754	66,904	1.11	2,389
Canadian Malartic Underground (50%)	0	0.00	0	0	0.00	0	0	0.00	0
Canadian Malartic Total (50%)	23,847	0.83	635	43,057	1.27	1,754	66,904	1.11	2,389
Cerro Moro	12	5.99	2	1,518	10.79	526	1,530	10.75	529
El Peñón Ore	577	5.03	93	5,078	4.85	792	5,655	4.87	885
El Peñón Stockpiles	18	3.03	2	724	1.23	29	742	1.28	31
El Peñón Total	595	4.97	95	5,802	4.40	821	6,397	4.45	916
Jacobina	20,720	2.29	1,525	13,456	2.24	968	34,176	2.27	2,493
Jeronimo (57%)	6,350	3.91	798	2,331	3.79	284	8,681	3.88	1,082
Minera Florida Ore	1,275	3.61	148	2,186	3.76	264	3,461	3.71	413
Minera Florida Tailings	0	0.00	0	1,248	0.94	38	1,248	0.94	38
Minera Florida Total	1,275	3.61	148	3,434	2.74	302	4,709	2.98	450
Total Gold Mineral Reserves	52,799	1.89	3,204	69,598	2.08	4,656	122,397	2.00	7,859
Agua Rica	587,200	0.25	4,720	517,600	0.16	2,663	1,104,800	0.21	7,382
Alumbrera (12.5%)	8,435	0.39	105	294	0.37	3	8,728	0.39	109

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	12	1158.5	456	1,518	614.8	30,005	1,530	619.2	30,461
El Peñón Ore	577	169.9	3,153	5,078	163.4	26,679	5,655	164.1	29,832
El Peñón Stockpiles	18	121.7	70	724	14.4	335	742	17.0	406
El Peñón Total	595	168.5	3,224	5,802	144.8	27,014	6,397	147.0	30,238
Minera Florida Ore	1,275	24.7	1,014	2,186	21.7	1,528	3,461	22.8	2,542
Minera Florida Tailings	0	0.0	0	1,248	14.5	584	1,248	14.5	584
Minera Florida Total	1,275	24.7	1,014	3,434	19.1	2,112	4,709	20.6	3,125
Total Silver Mineral Reserves	1,882	77.6	4,694	10,754	171.0	59,131	12,636	157.1	63,824
Agua Rica	587,200	3.0	57,014	517,600	2.6	43,766	1,104,800	2.8	100,781

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									
Agua Rica	587,200	0.57	7,379	517,600	0.39	4,450	1,104,800	0.49	11,829
Alumbrera (12.5%)	8,435	0.40	75	294	0.38	2	8,728	0.40	77

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	1,275	1.29	36	2,186	1.18	57	3,461	1.22	93
Minera Florida Tailings	0	0.00	0	1,248	0.58	16	1,248	0.58	16
Minera Florida Total	1,275	1.29	36	3,434	0.96	73	4,709	1.05	109
Total Zinc Mineral Reserves	1,275	1.29	36	3,434	0.96	73	4,709	1.05	109

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									
Agua Rica	587,200	0.030	388	517,600	0.030	342	1,104,800	0.030	731
Alumbrera (12.5%)	8,435	0.013	2.45	294	0.014	0.09	8,728	0.013	2.55

Totals may not add due to rounding

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

Gold	Measured Mineral Resources Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Indicated Mineral Resources Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Projects						
Arco Sul	0	0.00	0	0	0.00	0
Canadian Malartic Open Pit (50%)	2,020	1.42	92	6,720	1.57	339
Odyssey Underground (50%)	0	0.00	0	1,011	2.10	68
East Malartic Underground (50%)	0	0.00	0	4,962	2.18	347
East Gouldie Underground (50%)	0	0.00	0	0	0.00	0
Canadian Malartic Total (50%)	2,020	1.42	92	12,693	1.85	755
Cerro Moro	18	9.02	5	1,234	4.33	172
El Peñón Mine	627	4.53	91	5,631	2.93	530
El Peñón Tailings	0	0.00	0	0	0.00	0
El Peñón Stockpiles	0	0.00	0	1,019	1.13	37
El Peñón Total	627	4.53	91	6,650	2.65	567
Jacobina	27,705	2.26	2,014	14,765	2.27	1,076
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	0	0.00	0	0	0.00	0
Minera Florida	2,377	5.15	394	3,475	4.79	535
Monument Bay	0	0.00	0	36,581	1.52	1,787
Suyai	0	0.00	0	4,700	15.00	2,286
Total Gold Mineral Resources	49,268	1.89	2,998	214,165	1.41	9,675
Agua Rica	53,600	0.13	224	206,300	0.11	730
Alumbrera (12.5%)	6,737	0.34	74	1,916	0.53	33

Silver	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Projects						
Cerro Moro	18	1,012.2	587	1,234	333.3	13,222
El Peñón Mine	627	123.3	2,484	5,631	102.1	18,485
El Peñón Tailings	0	0.0	0	0	0.0	0
El Peñón Stockpiles	0	0.0	0	1,019	28.8	942
El Peñón Total	627	123.3	2,484	6,650	90.9	19,427
Minera Florida	2,377	32.3	2,467	3,475	26.2	2,922
Suyai	0	0.0	0	4,700	23.0	3,523
Total Silver Mineral Resources	3,021	57.0	5,538	16,059	75.7	39,095
Agua Rica	53,600	1.6	2,671	206,300	1.9	12,337

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)
0	0.00	0.0	5,000	4.02	646
8,740	1.54	431	2,354	1.22	92
1,011	2.10	68	11,684	2.22	833
4,962	2.18	347	39,382	2.05	2,596
0	0.00	0	12,760	3.34	1,369
14,713	1.79	847	66,180	2.30	4,890
1,252	4.40	177	2,175	3.91	273
6,257	3.09	621	4,510	3.38	490
0	0.00	0	13,767	0.55	245
1,019	1.13	37	0	0.00	0
7,276	2.81	658	18,276	1.25	735
42,470	2.26	3,090	18,528	2.36	1,406
1,157	3.74	139	1,118	4.49	161
149,432	0.57	2,760	37,900	0.50	620
0	0.00	0	3,934	4.29	543
5,852	4.93	928	4,365	5.32	747
36,581	1.52	1,787	41,946	1.32	1,781
4,700	15.00	2,286	900	9.90	274
263,433	1.50	12,672	200,323	1.87	12,075
259,900	0.11	954	742,900	0.09	2,150
8,653	0.38	107	849	0.46	13

Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
1,252	343.0	13,809	2,175	222.2	15,542
6,257	104.2	20,969	4,510	120.0	17,406
0.00	0.0	0	13,767	18.9	8,380
1,019	28.8	942	0	0.0	0
7,276	93.7	21,911	18,276	43.9	25,786
5,852	28.6	5,389	4,365	25.1	3,517
4,700	23.0	3,523	900	21.0	575
19,080	72.8	44,632	25,717	54.9	45,421
259,900	1.8	15,008	742,900	1.6	38,693

Copper	Measured Mineral Resources Tonnes (000's)	Grade (%)	Contained lbs (mm)	Indicated Mineral Resources Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Agua Rica	53,600	0.22	260	206,300	0.30	1,364
Alumbrera (12.5%)	6,737	0.33	49	1,916	0.23	10
Total Copper Mineral Resources	60,337	0.23	309	208,216	0.30	1,374

Zinc	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Minera Florida	2,377	1.41	74	3,475	1.41	108
Total Zinc Mineral Resources	2,377	1.41	74	3,475	1.41	108

Molybdenum	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Agua Rica	53,600	0.020	24	206,300	0.030	136
Alumbrera (12.5%)	6,132	0.016	2.11	462	0.013	0.13
Total Molybdenum Mineral Resources	59,732	0.020	26	206,762	0.030	136

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)
	259,900	0.28	1,624	742,900	0.23	3,767
	8,653	0.31	58	849	0.21	4
	268,553	0.28	1,682	743,749	0.23	3,771

	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
	5,852	1.41	182	4,365	1.20	116
	5,852	1.41	182	4,365	1.20	116

	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
	259,900	0.030	160	742,900	0.030	491
	6,593	0.015	2.23	85	0.014	0.03
	266,493	0.028	162	742,985	0.030	491

Year End 2019 Mineral Reserves and Mineral Resources Reporting Notes

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

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Projects		
Arco Sul	N/A	Price assumption: $1,500 gold
		2.5 g/t gold cut-off
Canadian Malartic (50%)	Price assumption: $1,200 gold	Price assumption: $1,200 gold
	Open pit cut-off grades range from 0.40 to 0.43 g/t gold	Cut-off grades range from 0.40 to 0.43 g/t gold inside pit to 1.0 g/t gold outside or below pit
	Metallurgical recoveries for gold averaging 90.2%	Underground Cut-off grade at Odyssey is 1.15 to 1.35 g/t gold (stope optimized)
		Underground Cut-off grade at East Malartic is 1.30 to 1.60 g/t gold (stope optimized)
		Underground Cut-off grade at East Gouldie is 1.35 to 1.55 g/t gold (stope optimized)
Cerro Moro	Price assumption: $1,250 gold and $18.00 silver	
	Open pit cut-off at 123 NSR $/ton and Underground cut-off at 215 NSR $/ton	Cut-off grade at 3.0 g/t Aueq.
	Metallurgical recoveries average 95% for gold and 93% for silver	
El Peñón	Price Assumption: $1,250 gold, $18.00 silver	Price Assumption: $1,250 gold, $18.00 silver
	Open Pit cut-off at $43.15/t	Underground cut-off at $95.93/t, which corresponds to 75% of the cut-off value used to estimate the mineral reserves
	Underground cut-off at $127.90/t	Mineral Resources contained in tailings and stockpiles reported at cut-offs of 0.50 g/t and 0.79 g/t gold equivalent respectively
	Low grade stockpiles cut-off 0.90 g/t gold equivalent	Metallurgical recoveries for underground ores range from 77.0% to 96.9% for gold and from 63.0% to 94.4% for silver
	Metallurgical recoveries for open pit ores range from 86.56% to 90.29% for gold and from 83.53% to 86.95% for silver	Metallurgical recoveries for tailings estimated to be 60% for gold and 30% for silver
	Metallurgical recoveries for underground ores range from 77.0% to 96.9% for gold and from 63.0% to 94.4% for silver	Metallurgical recoveries for stockpiles estimated to be 88.0% for gold and 80.8% for silver
	Metallurgical recoveries for low grade stockpiles are 95.2% for gold and 83.0% for silver	
Jacobina	Price assumptions: $1,250 gold	
	Underground reserves are reported at variable cut-off grades by zone ranging from 1.12 g/t gold to 1.30 g/t gold	Underground cut-off grade is 1.00 g/t gold, which corresponds to 75% of the cut-off used to estimate the mineral reserves
	Mineral reserves includes lower grade supplemental ore which is incorporated into the life of mine plan, and which was previously categorized as mineral resources	Minimum mining width of 1.5 meters, considering internal waste and dilution
	Metallurgical recovery is 96%	

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

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Projects		
Jeronimo (57%)	Price Assumption:$900 gold	
	Cut-off grade at 2.0 g/t gold	Cut-off grade at 2.0 g/t gold
	Metallurgical recovery for gold is 86%.	
La Pepa	N/A	Price Assumption: $780 gold
		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 $91.48/t and for the Core Mine Zones $92.86/t	Underground Mineral Resources are estimated at a cut-off grade of 2.50 g/t gold equivalent
	Metallurgical recoveries are 91.36% for gold, 62.93% for silver and 75.38% for zinc	Metallurgical recoveries are 91.36% for gold, 62.93% for silver and 75.38% for zinc
Monument Bay	N/A	Price Assumption: $1,200 gold
		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 gold cut-off inside mineralized wireframe modeling
Agua Rica	Mineral Reserves are estimated using a variable metallurgical recovery.	Mineral Resources are estimated using a variable metallurgical recovery.
	Average metallurgical recoveries of 86% Cu, 35% Au, 43% Ag, and 44% Mo were considered.	LOM average metallurgical recoveries of 86% Cu, 35% Au, 43% Ag, and 44% Mo were considered.
	Open pit Mineral Reserves are reported at a variable cut-off value averaging $8.42/t, based on metal price assumptions of US$3.00/lb Cu, $1,250/oz Au, $18/oz Ag, and $11/lb Mo. A LOM average open pit costs of $1.72/t moved, processing and G&A cost of $6.70/t of run of mine processed. The strip ratio of the mineral reserves is 1.7 with overall slope angles varying from 39° to 45° depending on the geotechnical sector.	Mineral Resources are constrained by an optimized pit shell based on metal price assumptions of $4.00/lb Cu, $1,600/oz Au, $24/oz Ag, and $11/lb Mo. Open pit Mineral Resources are reported at a variable cut-off value which averages $8.42/t milled with overall slope angles varying from 39° to 45° depending on the geotechnical sector.
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 cut-off within underground economic envelope

2019 Financial Review

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, 2019. (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 gold equivalent ounce ("GEO") sold;*
- *All-in sustaining costs ("AISC") per GEO sold;*
- *Net debt;*
- *Net free cash flow;*
- *Average realized price per ounce of gold/silver sold; and*
- *Average realized price per pound of copper sold.*

Reconciliations associated with the above performance measures can be found in Section 11: Non-GAAP Performance Measures in this MD&A.

Cautionary statements regarding forward-looking information and mineral reserves and mineral resources can be found in Section 12: Disclosure Controls and Procedures in this MD&A.

1. HIGHLIGHTS AND RELEVANT UPDATES

For the year ended December 31, 2019

- Exceeded gold production guidance for the year with annual production of 900,339 ounces, compared to guidance of 899,000 ounces.

- Exceeded silver production guidance for the year with annual production of 10,640,156 ounces compared to guidance of 10,000,000 ounces, representing a significant over-performance of 6%.

- Exceeded gold equivalent ounce ("GEO") production guidance for the year with annual production of 1,024,454 GEO compared to guidance of 1,010,000 GEO, notwithstanding a higher GEO ratio than that assumed when 2019 guidance was set. GEO assumes gold ounces plus the gold equivalent of silver ounces using a ratio of 85.54 and 86.02 for the three months and year ended December 31, 2019, respectively, and 81.30 and 79.60 for the three months and year ended December 31, 2018, respectively.

- Production costs for the year were in line with guidance. Guidance ranges are after the inclusion of adjustments noted during the year, including the removal of production from Chapada in the second half of the year, decisions to spend more on exploration and the higher GEO ratios observed as noted above.

Total Yamana[(i)] production performance relative to guidance is summarized as follows:

Total Yamana (i)	2019 Actual	2019 Guidance	% increase
Gold Production (ounces) (ii)	**900,339**	899,000	—%
Silver Production (ounces)	**10,640,156**	10,000,000	6%
GEO Production (ounces) (ii)	**1,024,454**	1,010,000	1%

(i) Strong yearly cash flows as follows:
- Cash flows from operating activities of $521.8 million and cash flows from operating activities before net change in working capital of $590.5 million, which significantly exceeded prior year cash flows.
- Net free cash flow[(iv)] of $358.4 million, which significantly exceeded prior year net free cash flow[(iv)].

- Net earnings attributable to the Company's equity holders for the year ended December 31, 2019 were $225.6 million or $0.24 per share basic and diluted, including the positive impact of the sale of the Chapada asset during the year, compared to a net loss of $284.6 million or $0.30 per share basic and diluted for the year ended December 31, 2018. For a list of adjustments not reflective of current and ongoing operations, which may be used to adjust or reconcile input models in consensus estimates, refer to *Section 3: Review of Financial Results*.

- Debt decreased as follows:
  - Total debt decreased by $710.8 million during the year.
  - Net debt(iv) decreased more significantly, by $771.1 million as a result of increased cash balances largely as a result of the significant increase in cash flows.
  - Net debt(iv) decreased to $889.1 million.

- Cash balances increased to $158.8 million, in comparison to $98.5 million in the prior year, an increase of $60.3 million.

- Increased gold mineral reserves and mineral resources as follows:
  - Mineral reserve depletion for 2019 was fully replaced on a consolidated basis, excluding assets disposed of in 2019.
  - Increased mineral resources on a consolidated basis. Measured and indicated mineral resources increased, and there was a substantial increase in inferred mineral resources of 27%.

  Refer to *Section 4: Operating Segments Performance* and *Section 6: Mineral Reserve and Mineral Resource Estimates* for additional details on how the Company's exploration programs continue to deliver on mineral resources discovery and mineral reserve replacement and growth.

- Discovery of East Gouldie, a new mineralized zone at the Canadian Malartic mine, which contributed significantly to inferred mineral resources of the mine at year end. On a 50% basis, the zone added 12.8 million tonnes of inferred mineral resources at 3.34 g/t, for a total of approximately 1.4 million ounces.

- The Company increased its dividend cumulatively by 150% to $0.05/share annually for the first quarter of 2020, in relation to dividends paid during the third quarter of 2019 of $0.02/share.
  - The Company adopted a policy of treating dividends, amongst other measures, on a per ounce basis, and established a program pursuant to which it would establish a reserve fund to protect the dividend for a minimum of three years.
  - With increases in sustainably higher free cash flow, the Company is targeting the payment of a dividend between the current rate of approximately $50 per GEO and $100 per GEO.
  - The Company will continue to maintain a balance between the sustainable payment of dividends with reinvestment in the Company and further improvements to the balance sheet.

- Completion and advancement of several strategic initiatives during the year including:
  - Jacobina expansion scenarios
    - At Jacobina, a pre-feasibility study ("PFS") to identify optimum mining and processing expansion scenarios, evaluate project economics, and determine a project development schedule that includes the timing for permit applications is expected to be completed in the first quarter of 2020.
    - Pending favourable pre-feasibility study results and capital allocation decisions, investment for Phase 2 would occur mostly in 2021 and 2022, with the objective of being at the higher throughput level at the beginning of 2023.
  - Agua Rica integration agreement and PFS
    - On March 7, 2019, the Company announced the signing of an integration agreement with Glencore International AG and Newmont Corporation whereby the Agua Rica project would be developed and operated using the existing infrastructure and facilities of Minera Alumbrera Limited.
    - The integration would give the Company 56% ownership in the integrated project, which carries significantly less development risk, as certain infrastructure would not need to be constructed.
    - During the year, the Company announced positive PFS results, which underscored Agua Rica as a long life, low-cost project with robust economics and studies were advanced to optimize Agua Rica in preparation for a planned feasibility study in 2020.
  - Sale of Chapada mine
    - The Company completed the sale of the Chapada mine and received initial upfront cash consideration of $800.0 million on closing, in addition to other consideration. Refer to *Note 6* to the Company's Consolidated Financial Statements for the year ended December 31, 2019 for additional details.

For the three months ended December 31, 2019

- Quarterly gold production from Yamana Mines(iii) of 221,595 ounces(ii) and silver production of 2,967,867 ounces was in line with plan, at costs in line with expectations. GEO production comprised 256,288 GEO(ii).

- Net earnings attributable to the Company's equity holders for the three months ended December 31, 2019 of $14.6 million or $0.02 per share basic and diluted, compared to a net loss of $61.4 million or $0.06 per share basic and diluted for the three months ended December 31, 2018. For a list of adjustments not reflective of current and ongoing operations, which may be used to adjust or reconcile input models in consensus estimates, refer to *Section 3: Review of Financial Results*.

- Strong quarterly cash flows as follows:
  - Cash flows from operating activities of $201.7 million and cash flows from operating activities before net change in working capital of $176.6 million, which significantly exceeded those of the comparative prior year period and prior quarter.
  - Net free cash flow(iv) of $136.5 million, which significantly exceeded that of the comparative prior year period and prior quarter.

- Cash flows exceeded the average of the three preceding quarters, as follows:
  - cash flows from operating activities exceeded the average by 91%,
  - cash flows from operating activities before net change in working capital exceeded the average by 29%, and
  - net free cash flow(iv) exceeded the average by 87%.

- Debt decreased as follows:
  - Total debt decreased by $0.9 million during the quarter.
  - Net debt(iv) decreased more significantly, by $59.8 million, as a result of increased cash balances largely as a result of the significant increase in cash flows.
  - Net debt(iv) decreased to $889.1 million.

- Cash balances increased to $158.8 million, in comparison to $99.9 million as of the end of the prior quarter, an increase of $58.8 million.

(i) Total Yamana includes production from all Yamana Mines(iii), and production from Chapada prior to divestment on July 5, 2019.
(ii) Included in fourth quarter and full year 2019 production figures are 3,137 gold ounces of pre-commercial production, related to the Company's 50% interest in the Canadian Malartic mine's Barnat deposit.
(iii) Yamana Mines includes those mines in the Company's portfolio as of December 31, 2019: Canadian Malartic, Jacobina, Cerro Moro, El Peñón and Minera Florida.
(iv) A cautionary note regarding non-GAAP performance measures is included in *Section 11: Non-GAAP Performance Measures*.

OPERATING

GEO production from Yamana Mines(i) was 256,288, compared to 269,528 in the fourth quarter of 2018. The difference was driven primarily by higher fourth quarter of 2018 production from Cerro Moro, as the mine processed high gold grade and silver grade stockpile ore during its ramp up phase and a higher GEO ratio.

Yamana Mines total cost of sales were $1,117 and $1,142 per GEO for the quarter and year ended December 31, 2019, respectively, in line with prior year comparative costs. Yamana Mines AISC in the fourth quarter were $1,011 per GEO, and AISC for the year ended December 31, 2019 were $999 per GEO, also in line with prior year comparative costs. Strong production and cost performance was observed particularly at El Peñón and Jacobina in the fourth quarter.

Full year unitary costs for Total Yamana of $978 per GEO were in line with previous guidance and adjustments noted during the year that impacted costs, such as the impact on costs in relation to the sale of Chapada on July 5, 2019 and the GEO ratio. The sale of Chapada, which had been included in original guidance for the full year, resulted in an increase to 2019 AISC of approximately $30 per GEO. In addition, differences in guided versus actual GEO ratios negatively impacted costs on a per GEO basis.

AISC included the addition of funds that were deliberately spent on sustaining exploration capital to further advance robust drilling results being obtained across the Company's operations. Despite the additional spend, the Company was able to do so without impacting margins, which improved due to the rise in metal prices.

The decision to concentrate sustaining capital spending in the second half of the year further impacted AISC in the fourth quarter. In particular, additional capital development at Jacobina and El Peñón in the second half supported high quarterly rates of mining and production in 2019 and improved access and flexibility in mining operations during 2020.

	For the three months ended December 31, 2019	2018	For the year ended December 31, 2019	2018
GEO				
Production - Yamana Mines (i)(iii)	**256,288**	269,528	**972,143**	920,347
Production - Total Yamana (ii)(iii)	**256,288**	332,660	**1,024,454**	1,133,635
Sales - Yamana Mines (i)(iii)	**257,904**	263,850	**990,005**	879,084
Sales - Total Yamana (ii)(iii)(viii)	**257,743**	321,948	**1,039,583**	1,089,804
Per GEO sold data (iv)				
Total cost of sales - Yamana Mines (i)(v)	**$ 1,117**	$ 1,101	**$ 1,142**	$ 1,109
Total cost of sales - Total Yamana (ii)(v)	**$ 1,118**	$ 1,027	**$ 1,109**	$ 1,047
Cash costs - Yamana Mines (i)(iv)	**$ 656**	$ 653	**$ 679**	$ 692
Cash costs - Total Yamana (ii)(iv)	**$ 656**	$ 657	**$ 667**	$ 692
AISC - Yamana Mines (i)(iv)	**$ 1,011**	$ 939	**$ 999**	$ 998
AISC - Total Yamana (ii)(iv)	**$ 1,012**	$ 921	**$ 978**	$ 971

Gold and silver production for the quarter was as follows:

	For the three months ended December 31, 2019	2018	For the year ended December 31, 2019	2018
Gold				
Production - Yamana Mines (ounces) (i)(iii)	**221,595**	229,352	**848,029**	819,615
Production - Total Yamana (ounces) (ii)(iii)	**221,595**	292,484	**900,339**	1,032,903
Sales - Yamana Mines (ounces) (i)(iii)	**223,593**	226,322	**862,130**	793,742
Sales - Total Yamana (ounces) (ii)(iii)(viii)	**223,433**	284,420	**911,708**	1,004,462
Per ounce data				
Revenue	**$ 1,486**	$ 1,223	**$ 1,392**	$ 1,263
Average Realized Price (iv)(vi)	**$ 1,484**	$ 1,226	**$ 1,387**	$ 1,267
Average market price (vii)	**$ 1,480**	$ 1,226	**$ 1,392**	$ 1,268
Silver				
Production (ounces) (i)(iii)	**2,967,867**	3,264,695	**10,640,156**	8,023,046
Sales (ounces) (i)(iii)	**2,935,673**	3,065,102	**11,009,552**	7,000,887
Per ounce data				
Revenue	**$ 17.55**	$ 14.59	**$ 16.39**	$ 15.37
Average Realized Price (iv)(vi)	**$ 17.50**	$ 14.59	**$ 16.26**	$ 15.37
Average market price (vii)	**$ 17.31**	$ 14.56	**$ 16.20**	$ 15.71

Gold and silver production from Yamana Mines(i) for the comparative quarter do not provide a meaningful comparison to the current quarter, as production from Cerro Moro was above normal levels due to the reliance on a high grade stockpile which had been accumulated during the ramp up phase in 2018.

Quarterly gold production from Yamana Mines(i) was the strongest in 2019 during the fourth quarter, driven by strong operational results from El Peñón and Jacobina in particular, which performed well above plan.

Copper production is no longer relevant to the current operations of the Company, following the disposal of the Chapada mine on July 5, 2019. Copper production was 61.1 million pounds for the year ended December 31, 2019, and 39.0 million pounds and 129.2 million pounds for the three months and year ended December 31, 2018, respectively. Current year production reflects Yamana's attributable production up to the date of divestiture of Chapada.

(i) Yamana Mines includes those mines in the Company's portfolio as of December 31, 2019: Canadian Malartic, Jacobina, Cerro Moro, El Peñón and Minera Florida.

(ii) Total Yamana includes production and sales of Yamana Mines; and Chapada, and Gualcamayo, which were disposed of in July 2019 and December 2018, respectively. Excludes Brio Gold sales ounces of 70,752 for the year ended December 2018, that were 100% consolidated in the Company's financial results prior to disposal in May 2018.

(iii) Included in fourth quarter 2019 and year-ended December 31, 2019 production figures are 3,137 gold ounces of pre-commercial production, related to the Company's 50% interest in the Canadian Malartic mine's Barnat deposit. Comparative production figures for the year-ended December 31, 2018 include 8,625 gold ounces and 333,878 silver ounces of pre-commercial production related to Cerro Moro, which achieved commercial production on June 26,

2018. Pre-commercial production ounces are excluded from sales figures, although the pre-commercial production ounces that were sold during their respective period of production had their corresponding revenues and cost of sales capitalized to mineral properties.

(iv) A cautionary note regarding non-GAAP performance measures and their respective reconciliations is included in *Section 11: Non-GAAP Performance Measures* of this MD&A. Comparatives have been restated to reflect the changes adopted in the current period.

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

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

(vii) Source of information: Bloomberg.

(viii) Total Yamana sales quantities in the fourth quarter were impacted by final assay quantity adjustments on Chapada concentrate sales made prior to disposal, but settled in the fourth quarter.

STRATEGIC DEVELOPMENTS

Jacobina, Brazil

During the year, the Company announced increases to mineral reserves and mineral reserve grades at Jacobina of 8.6% and 2.6%, respectively, versus year-end 2018. This movement was in addition to overall mineral reserve grade growth in 2018, which when combined with the mid-year update, represented a 5.3% increase from year-end 2017.

With continued improvements to the sustainable cost structure and development productivity at the mine, Jacobina was able to incorporate ore previously categorized as mineral resources in the mineral reserve category. The decision to include lower grade supplemental ore, encountered as a halo to the core mineral reserves, had the impact of slightly decreasing total mineral reserve grade but significantly increasing economical mineral reserve ounces. This supplemental ore halo has been effectively and profitably mined over the past few quarters. The updated mineral reserves of the Company comprise:

- 29.17 million tonnes at a grade of 2.40 g/t in the core zone, for a total of 2.25 million ounces
- 5.01 million tonnes at a grade of 1.53 g/t in the supplemental halo zone, for a total of 246 thousand ounces
- For a total mineral reserve of 34.18 million tonnes at a grade of 2.27 g/t, for a total of 2.49 million ounces

The Company's mine plan prioritizes the mining of the core mineral reserves with a grade of 2.40 grams per tonne, and defers the majority of the mining and processing of the supplemental halo mineral reserves until late in the mine life. The observed increase in mineral reserves and mineral reserves grade during the mid-year and year-end update supports annual gold production above 170,000 ounces, which was previously guided as the target after the completion in mid-2020 of Phase 1, a modest plant optimization with a sustainable level of 6,500 tonnes per day ("tpd").

The mineral reserve increase also further supports the potential for Phase 2, where production is expected to increase to approximately 225,000 ounces per year, with a likely scenario for plant throughput in the range of 7,500 tpd to 8,500 tpd, while maintaining gold recoveries of between 96%-97%.

A PFS to identify optimum mining and processing expansion scenarios, evaluate project economics, and determine a project development schedule including the timing for permit applications is expected to be completed in the first quarter of 2020.

Consistent with the Company's approach to committing capital, and returns, the Company considers projects for which after-tax returns are a multiple of its cost of capital, preferably double-digit, and as a rule of thumb exceeding 15%. However, acceptable returns are influenced by the level of project risk, meaning that a project with substantially reduced risk could be developed with a lower return.

Investment for Phase 2 is not expected to occur until 2021, subject to positive PFS results, with the objective of being at the higher throughput level at the beginning of 2023. The decision to proceed with the investment will be driven by the expansion of the plant throughput, thus bringing forward cash flows, but also an extension of mine life from continued exploration success and improvements to Jacobina's core zone average mineral reserve grade, which would support the investment decision.

Refer to the Company's September 5, 2019 Press Release *"Yamana Gold Increases Reserve Grade, Significantly Increases Reserves and Announces Further Positive Exploration Results at Jacobina Mine"* for further details. This press release, and all other press releases referenced in this MD&A, are available on the Company's website at www.yamana.com, on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Agua Rica, Argentina

During the year, the Company announced an integration agreement with Glencore International AG and Newmont Corp (collectively the "Parties"), pursuant to which the Agua Rica project would be developed and operated using the existing infrastructure and facilities of Minera Alumbrera Limited ("Alumbrera") in the Catamarca Province of Argentina. The Company would own 56% of the integrated project. The Parties established a Technical Committee to direct the advancement of the Integrated Project.

The integration significantly de-risks the development of Agua Rica due to the ability to rely on the current Alumbrera plant and infrastructure. Infrastructure development was previously identified as a principal risk of development of the project. The Company believes that the ability to integrate the project and utilize the existing facilities reduces both the risk of obtaining permitting associated with tailings and the environmental footprint of the project.

On July 19, 2019, the Company announced positive PFS results, and underscored Agua Rica as a long life, low-cost project with robust economics and opportunities to realize further value, including converting economic-grade inferred mineral resources and expanding throughput scenarios to increase metal production and returns, among other opportunities. The Integrated Project generates significant synergies by bringing together the extensive mineral reserves of Agua Rica with the existing infrastructure of Alumbrera to create a unique, high quality and low risk brownfield project with an optimized environmental footprint that will bring significant value to shareholders, local communities and stakeholders.

The PFS highlights include a long mine life of 28 years, annual production for the first 10 full years increased to 533 million pounds of copper equivalent[(i)] production, cash costs decreased to $1.29 per pound, all-in sustaining costs ("AISC") decreased to $1.52 per pound for the first ten years of production, net present value ("NPV") increased to $1.935 billion and an increased internal rate of return ("IRR") of 19.7%[(ii)].

During 2019, the Parties advanced studies to optimize the Project in preparation for a planned feasibility study in 2020. Furthermore, proven and probable copper mineral reserves increased from year end 2018 by 21% to 11.8 billion pounds and gold mineral reserves increased by 13% to 7.4 million ounces.

(i) Copper equivalent metal includes copper with gold, molybdenum, and silver converted to copper-equivalent metal based on the following metal price assumptions: $6,614 per tonne of copper, $1,250 per ounce for gold, $24,250 per tonne for molybdenum, and $18.00 per ounce for silver.
(ii) Assuming metal prices of $3.00 per pound of copper, $1,300 per ounce of gold price, $18.00 per ounce of silver, $11.00 per pound of molybdenum and using an 8% discount rate.

Expansion opportunities at Canadian Malartic, Canada

Exploration programs are ongoing to evaluate several deposits and prospective exploration areas to the east of the Canadian Malartic open pit, including the new mineralized zone discovery of East Gouldie, as well as Odyssey, East Malartic, Sladen, Sheehan and Rand. These discoveries have the potential to provide new, mostly underground sources of ore for the Canadian Malartic mill, replacing a portion of the lower grade open pit ores and thereby increasing production and extending mine life. Access for additional underground drilling and possible mining would be by ramp extending from the Odyssey zone. The permit allowing for the development of an underground ramp was received in December 2018.

Drilling at East Gouldie has yielded a number of positive intercepts and results indicate that the East Gouldie, East Malartic and Sladen zones are converging at depth, increasing the level of confidence in the economic potential of overall mineral resources below 1,000 meters.

East Gouldie contributed to the meaningful increase in inferred mineral resource figures for East Malartic at year-end 2019. This increase comes after only one year of exploration, following the initial discovery hole in November 2018. The East Gouldie zone remains open and exploration continues to investigate probable extensions of the known mineral envelope.

The Partnership is evaluating scenarios to optimize the project, which includes discussions with royalty holders and other stakeholders to enhance the economics of the project. Given the Company's robust pipeline of development projects, the Company does not currently anticipate approving the project for development unless these discussions are successful and the project economics are improved.

Further details are available in the Company's September 9, 2019 Press Release "*Yamana Gold Provides Exploration Update on the Canadian Malartic Mine; Announces Discovery of East Gouldie Zone*".

Sale of Chapada, Brazil and Related Consideration

On July 5, 2019, the Company completed the sale of the Chapada mine. The Company received the initial upfront cash consideration of $800.0 million on closing, and additional consideration includes a cash payment contingent on the development of a pyrite roaster at Chapada, a 2% net smelter return ("NSR") royalty on the Suruca gold project in the Chapada complex, and the right to receive additional cash consideration based on the price of gold over the five-year period from the date of closing ("the Gold Price Instrument"). During the third quarter, the Company structured a sale and assigned its rights and obligations on the Gold Price Instrument through a competitive bidding process to a financial institution, obtaining cash proceeds of $65.5 million on the sale of the instrument.

With regards to the Suruca NSR, the Company is considering a possible monetization of the royalty, which would allow the significant gain on realization on the sale of Chapada to have further upside potential and would add to the already monetized $865.5 million in cash obtained on sale.

HEALTH, SAFETY, ENVIRONMENT AND CORPORATE RESPONSIBILITY

Health, safety, environment and community relations programs are integrated into all our operations. Yamana recognizes the importance of striving to meet and exceed our corporate social responsibility objectives and the role these efforts have in delivering on our overall objective of creating value for all stakeholders. Recent highlights are as follows:

- The Company's Total Recordable Injury Frequency Rate was 0.57(i) for 2019. This represents a 5% decrease from 2018, and a 24% decrease over the past 3 years.
- El Peñón has completed 2019 without a Lost Time Injury ("LTI"). This is their second consecutive calendar year, marking over 8.9 million work hours without a LTI.
- In August, El Peñón received an award from CORESEMIN (Antofagasta Regional Mining Health and Safety Committee) for “Outstanding Joint Committee on Hygiene and Safety” at a Regional Mining Ceremony.
- Yamana achieved a fourth year with no material environmental or social incidents.

(i) Calculated on 200,000 hours worked and includes employees and contractors. Does not include Canadian Malartic.

FINANCIAL

For the three months ended December 31, 2019

Net earnings attributable to the Company's equity holders for the three months ended December 31, 2019 were $14.6 million or $0.02 per share basic and diluted, compared to a net loss of $61.4 million or $0.06 per share basic and diluted for the three months ended December 31, 2018.

Earnings for the three months ended December 31, 2019 were negatively impacted by $12.1 million of certain non-cash and other items that management believes are not reflective of current and ongoing operations, and which may be used to adjust or reconcile input models in consensus estimates. For a full listing of reconciling items between net earnings and adjusted net earnings for the current and comparative quarters, refer to *Section 3: Review of Financial Results.*

As expected, revenue in the three months ended December 31, 2019 was not meaningfully comparable with the same quarter in 2018 due to the sale of assets. However, lower sales volumes were partially offset by higher average realized prices for gold and silver in the current quarter, with the overall decrease in revenue being primarily attributable to copper.

Cash flows from operating activities(iii) were $201.7 million in the fourth quarter, compared to $114.7 million in the fourth quarter of 2018. The change was driven by higher gross margins due to favorable metal price increases with stable costs across Yamana Mines, and a positive net change in working capital. In addition, the fourth quarter of 2018 had a one-time payment to the Brazilian tax authorities for $33.3 million that adversely affected cash flows. Fourth quarter working capital movement was positively impacted by the timing of receipt of certain invoices throughout several of the Company's operations, for a total of approximately $21.0 million. The late receipt of invoices caused payable balances to increase above those levels that are considered customary. The Company anticipates that this seasonal buildup of payable balances will partly normalize in the first quarter of 2020.

Net free cash flow(iv) was $136.5 million in the fourth quarter, compared to $106.0 million in the fourth quarter of 2018. The change is driven largely by higher gross margins due to favorable metal price increases with stable costs across Yamana Mines, lower sustaining capital expenditures, and a positive net change in working capital.

Overall, mine operating earnings, operating earnings, net earnings, cash flows from operating activities(iii) and net free cash flow(iv) for the fourth quarter were higher than the same period in 2018, although prior year results included contributions from the Company's Gualcamayo and Chapada mines (divested December 2018 and July 2019, respectively).

For the year ended December 31, 2019

Net earnings attributable to the Company's equity holders for the year ended December 31, 2019 were $225.6 million or $0.24 per share basic and diluted, compared to a net loss of $284.6 million or $0.30 per share basic and diluted for the year ended December 31, 2018. This significant increase in net earnings was primarily due to a $273.1 million gain recorded on the sale of the Company's Chapada mine in the third quarter, and the absence of any impairment write downs in the current year.

Earnings for the year ended December 31, 2019 were positively impacted by $106.1 million of certain non-cash and other items that management believes are not reflective of current and ongoing operations, and which may be used to adjust or reconcile input models in consensus estimates. Significant adjusting items in the year ended 2019 include:

- A $273.1 million gain related to the sale of the Company's Chapada mine;
- A gain of $11.5 million related to the sale of the Gold Price Instrument;
- A $13.0 million loss, representing the Company's share of a provision recognized by our associate against its deferred income tax assets;
- A one-time expense of $35.0 million, representing the financing costs associated with the early redemption of certain of the Company's senior notes, in connection with the sale of Chapada;
- Losses totalling $26.9 million related to one-time tax adjustments;
- $17.9 million of losses related to non-cash tax on unrealized foreign exchange;
- $15.0 million of share-based compensation expense and mark-to-market on deferred share units;
- Losses of $31.5 million related to other provisions, write-downs and adjustments; and
- $29.0 million of non-cash unrealized foreign exchange losses.

For a full listing of reconciling items between net earnings and adjusted net earnings for the current and prior years, refer to *Section 3: Review of Financial Information.*

Revenue in the year ended December 31, 2019 was not meaningfully comparable with 2018. This is primarily attributable to the absence of contributions from Gualcamayo and Brio Gold and lower contributions from Chapada. Lower sales volumes from the divested mines were partially offset by higher realized prices for gold and silver, with the overall decrease in revenue being primarily attributable to lower copper contribution during the year.

Cash flows from operating activities[iii] were $521.8 million for the year ended December 31, 2019, compared to $404.2 million for December 31, 2018. The change is driven largely by higher gross margins due to favorable metal price increases with stable costs across Yamana Mines, and a positive net change in working capital. In addition, the year ended 2018 had one-time payments to the Brazilian tax authorities for $101.3 million, that adversely affected cash flows.

Net free cash flow[iv] was $358.4 million for the year ended December 31, 2019, compared to $219.8 million for the December 31, 2018. The change is driven largely by higher gross margins due to favorable metal price increases with stable costs across Yamana Mines, decreased sustaining capital expenditures, and a positive net change in working capital.

Mine operating earnings, operating earnings and net earnings were in line with the comparative period when normalized for gains on sale of assets and impairment related charges. Cash flows from operating activities[iii] and net free cash flow[iv] for the full year were higher than the same period in 2018. These results are despite prior year results including contributions from the Company's Gualcamayo and Chapada mines (divested December 2018 and July 2019, respectively), as well as Brio Gold (divested in May 2018).

(In millions of US Dollars; unless otherwise noted)	For the three months ended December 31, 2019	2018	For the year ended December 31, 2019	2018	2017
Revenue	**$ 383.8**	$ 483.4	**$ 1,612.2**	$ 1,798.5	$ 1,803.8
Cost of sales excluding DDA	**(169.4)**	(266.2)	**(782.8)**	(1,010.0)	(1,042.4)
Gross margin excluding DDA	**$ 214.4**	$ 217.2	**$ 829.4**	$ 788.5	$ 761.4
Depletion, depreciation and amortization ("DDA")	**(119.0)**	(130.9)	**(471.7)**	(438.3)	(426.8)
Impairment of mining properties	**—**	(46.0)	**—**	(149.0)	(256.9)
Mine operating earnings	**$ 95.4**	$ 40.3	**$ 357.7**	$ 201.2	$ 77.7
General and administrative	**(19.3)**	(21.0)	**(79.4)**	(91.8)	(113.6)
Exploration and evaluation	**(3.3)**	(3.6)	**(10.3)**	(13.0)	(21.2)
Share of (loss) earnings of associate	**(0.3)**	4.5	**(16.3)**	5.5	—
Other operating (expenses) income, net	**(5.6)**	(11.0)	**222.4**	9.3	(23.6)
Impairment of non-operating mining properties	**—**	14.0	**—**	(153.0)	(99.6)
Operating earnings (loss)	**$ 66.9**	$ 23.2	**$ 474.1**	$ (41.8)	$ (180.3)
Finance costs	**(21.6)**	(32.0)	**(144.2)**	(137.4)	(110.8)
Other (costs) income, net	**(3.5)**	0.2	**(19.6)**	2.5	(20.9)
Net earnings (loss) before income taxes	**$ 41.9**	$ (8.6)	**$ 310.3**	$ (176.7)	$ (312.0)
Income tax (expense) recovery, net	**$ (27.3)**	$ (52.8)	**$ (84.7)**	$ (121.0)	$ 113.9
Net earnings (loss)	**$ 14.6**	$ (61.4)	**$ 225.6**	$ (297.7)	$ (198.1)
Attributable to:					
Yamana Gold Inc. equity holders	**$ 14.6**	$ (61.4)	**$ 225.6**	$ (284.6)	$ (188.5)
Non-controlling interests	**$ —**	$ —	**$ —**	$ (13.1)	$ (9.6)
	$ 14.6	$ (61.4)	**$ 225.6**	$ (297.7)	$ (198.1)
Per share data					
Earnings (loss) per share - basic and diluted (i)	**$ 0.02**	$ (0.06)	**$ 0.24**	$ (0.30)	$ (0.20)
Dividends declared per share	**$ 0.010**	$ 0.005	**$ 0.030**	$ 0.020	$ 0.020
Dividends paid per share	**$ 0.010**	$ 0.005	**$ 0.025**	$ 0.020	$ 0.020
Weighted average number of common shares outstanding (thousands)					
Basic	**950,433**	949,337	**950,266**	949,030	948,187
Diluted	**952,315**	949,337	**951,924**	949,030	948,187

Cash flows (ii)					
Cash flows from operating activities (iii)	**$ 201.7**	$ 114.7	**$ 521.8**	$ 404.2	$ 484.0
Cash flows from operating activities before net change in working capital (iv)	**$ 176.6**	$ 115.8	**$ 590.5**	$ 566.3	$ 498.0
Cash flows from (used in) investing activities	**$ (96.4)**	$ (91.4)	**$ 432.0**	$ (329.6)	$ (644.2)
Cash flows (used in) from financing activities	**$ (46.9)**	$ (49.3)	**$ (892.5)**	$ (134.3)	$ 217.9
Net free cash flow (iv)	**$ 136.5**	$ 106.0	**$ 358.4**	$ 219.8	$ 251.6

(i) Attributable to Yamana Gold Inc. equity holders.
(ii) For further information on the Company's liquidity and cash flow position, refer to *Section 7: Financial Condition and Liquidity*.
(iii) Cash flows from operating activities for the three months and year ended December 31, 2019, include the impact of $4.2 million (2018: $38.5 million) and $79.4 million (2018: $99.5 million and 2017: $8.6 million), respectively in non-cash deferred revenue recognized in respect of metal sales agreements and other, including $53.2 million associated with the copper advanced sales program in the year ended December 31, 2019 ($34.8 million and $78.0 million for the three months and year-ended December 31, 2018, respectively, and $nil for the year-ended December 31, 2017).
(iv) A cautionary note regarding non-GAAP performance measures is included in *Section 11: Non-GAAP Performance Measures*.

Balance Sheet and Liquidity

As at December 31, 2019, the Company had cash and cash equivalents of $158.8 million and available credit of $750.0 million, for total available liquidity of $908.8 million.

As at, *(In millions of US Dollars)*		**December 31, 2019**		December 31, 2018		December 31, 2017
Total assets	**$**	**7,117.2**	$	8,012.9	$	8,763.3
Total long-term liabilities	**$**	**2,489.2**	$	3,492.7	$	3,535.3
Total equity	**$**	**4,219.9**	$	4,024.0	$	4,447.3
Working capital (i)	**$**	**(6.7)**	$	(67.2)	$	58.7
Cash and cash equivalents	**$**	**158.8**	$	98.5	$	148.9
Debt (current and long-term) (ii)	**$**	**1,047.9**	$	1,758.7	$	1,857.7
Net debt (iii)	**$**	**889.1**	$	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 liabilities of disposal groups held for sale for applicable reporting periods.

(ii) On July 5, 2019, the Company completed the sale of its Chapada mine and received the initial upfront cash consideration of $800.0 million upon closing. Concurrently with the closing, the Company used $385.0 million of the consideration to repay outstanding indebtedness under the revolving credit facility; and the remaining $415.0 million was used by the Company to prepay portions of certain series of the Company's senior notes.

(iii) A cautionary note regarding non-GAAP performance measures is included in *Section 11: Non-GAAP Performance Measures*.

Capital Expenditures

For the three months ended December 31,		**2019**		2018		**2019**		2018		**2019**		2018		**2019**		2018
(In millions of US Dollars)	**Sustaining and other**				**Expansionary**				**Exploration**				**Total (ii)**			
Canadian Malartic	**$**	**13.5**	$	11.4	**$**	**9.8**	$	8.9	**$**	**0.1**	$	0.4	**$**	**23.4**	$	20.7
Jacobina		**8.2**		5.1		**6.9**		9.4		**2.7**		1.7	**$**	**17.8**	$	16.2
Cerro Moro		**11.9**		9.4		**2.6**		1.7		**3.8**		3.0	**$**	**18.3**	$	14.1
El Peñón		**7.6**		7.4		**0.3**		1.1		**2.8**		4.7	**$**	**10.7**	$	13.2
Minera Florida		**3.7**		4.4		**2.9**		10.5		**2.3**		3.9	**$**	**8.9**	$	18.8
Other (i)		**1.7**		14.8		**2.8**		4.6		**2.2**		4.8	**$**	**6.7**	$	24.2
	$	**46.6**	$	52.5	**$**	**25.3**	$	36.2	**$**	**13.9**	$	18.5	**$**	**85.8**	$	107.2

(i) Included in Other for the comparative period are capital expenditures relating to Gualcamayo and Chapada, the latter of which was disclosed separately in the comparative period. Comparatives have been adjusted to conform to the change in presentation adopted in the current period.

(ii) Net of movement in accounts payable and advances to suppliers, as applicable.

For the year ended December 31,		**2019**		2018		**2019**		2018		**2019**		2018		**2019**		2018
(In millions of US Dollars)	**Sustaining and other**				**Expansionary**				**Exploration**				**Total (ii)**			
Canadian Malartic	**$**	**45.1**	$	46.4	**$**	**36.5**	$	31.4	**$**	**1.0**	$	4.0	**$**	**82.6**	$	81.8
Jacobina		**24.5**		21.0		**30.7**		20.6		**6.5**		5.9	**$**	**61.7**	$	47.5
Cerro Moro		**23.5**		15.0		**3.7**		61.3		**16.2**		11.3	**$**	**43.4**	$	87.6
El Peñón		**30.8**		31.8		**0.8**		1.1		**18.1**		17.9	**$**	**49.7**	$	50.8
Minera Florida		**13.1**		14.5		**11.7**		32.2		**9.5**		14.0	**$**	**34.3**	$	60.7
Other (i)		**29.7**		59.1		**21.2**		37.1		**9.1**		22.3	**$**	**60.0**	$	118.5
	$	**166.7**	$	187.8	**$**	**104.6**	$	183.7	**$**	**60.4**	$	75.4	**$**	**331.7**	$	446.9

(i) Included in Other are capital expenditures relating to Gualcamayo and Brio Gold (comparative period only) and Chapada, the latter of which was disclosed separately in the comparative period. Comparatives have been adjusted to conform to the change in presentation adopted in the current period. The comparative period also included capitalized interest of $8.3 million.

(ii) Net of movement in accounts payable and advances to suppliers, as applicable.

2. CORE BUSINESS, STRATEGY AND OUTLOOK

Yamana Gold Inc. (“Yamana” or the “Company”) is a Canadian-based precious metals producer with significant gold and silver production, development stage properties, exploration properties, and land positions throughout the Americas, including 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 Cerro Moro mine in Argentina, the Canadian Malartic mine (50% interest) in Canada, the El Peñón and Minera Florida mines in Chile and the Jacobina mine in Brazil. The Company’s portfolio also includes a 20.4% interest in Leagold Mining Corporation ("Leagold") with mining properties in Brazil and Mexico. Subsequent to year end, on January 28, 2020, Equinox Gold Corporation and Leagold shareholders approved the merger of the two companies. Subsequent to the merger, which is expected to close in February of 2020, Yamana will own approximately 9% of the newly formed company on an undiluted basis. The Company also owns a 100% interest in Agua Rica, a large-scale copper, gold, silver and molybdenum deposit located in the province of Catamarca, Argentina. The Chapada mine in Brazil was sold during the third quarter.

Over the years, the Company has grown through strategic acquisitions to upgrade its portfolio and by pursuing organic growth to increase cash flows and unlock value at 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 key performance objectives in Health, Safety, Environment and Corporate Responsibility. This includes 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 its operations.

- Commitment to increasing value by improving cash flows and returns on invested capital, by gearing development opportunities towards such increases and improvements within the framework of the Company's balance sheet objectives.

- Optimizing and increasing mine life at the Company’s existing operating mines through exploration targeted on the most prospective properties, including:
    - Canadian Malartic, Cerro Moro, Jacobina, and Minera Florida as a result of exploration success and prospective geological settings;
    - Minera Florida, El Peñón 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, and continuous improvement of production at Jacobina;
    - Exploration at Canadian Malartic to further identify and discover underground ore bodies.

- Advancing the Company’s generative exploration program to help lay the foundation for the next generation of Yamana Mines:
    - Concentrate investment on the Company’s most advanced exploration projects;
    - Pursue drilling programs at highly-prospective, early stage projects in the Company’s existing portfolio.

- 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 focused 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;

- Maximizing return on investments to shareholders through sustainable dividends, which will also be reported as dividends per GEO produced, resulting from disciplined management of financial resources and capital allocation:
    - The Company has employed a gradual and progressive approach to dividend increases as the Company’s cash balances continue to grow from increasing free cash flow, and successful and continuing initiatives to monetize its portfolio of non-producing assets and financial instruments;
    - Following the Company's initial capital spending and development phase from 2003 to 2006, the Company has consistently paid dividends since 2007, aggregating to over $900.0 million in dividends paid over 12 years;
    - To ensure the sustainability of dividends, the Company has implemented a policy establishing a cash reserve fund that will be available to be drawn upon, if required, were the gold price to decline and negatively impact margins

over a longer period of time. While the balance in the cash reserve fund would change from time to time, the Company intends to maintain a balance that can support the current, or any future increased dividend, for a minimum period intended to be no less than three years, independent of prevailing gold prices.

- Consistently optimize the Company's financial position to create financial flexibility, allowing the Company to execute on its business plan and increase shareholder value. During the third quarter, the Company successfully improved its financial flexibility with the repayment of:
  - $415.0 million in senior notes issued in March 2012 and June 2013 on a pro rata basis and indebtedness under the Company’s senior notes issued in June 2014 and December 2017; and
  - $385.0 million of indebtedness under the revolving credit facility.

  This was achieved from proceeds from the sale of Chapada, which was completed on July 5, 2019 and which improved the financial flexibility of the Company; the repayment of debt in the third quarter with the cash proceeds resulted in a meaningful reduction in interest expense that will enhance net free cash flow generation and the significant expansionary capital that was required for Chapada has been avoided. Additionally, the Company monetized the Gold Price Instrument for $65.5 million, as previously mentioned. The Company will continue to consider the monetization of other assets, such as certain investments and its royalty portfolio, with the above objective in mind.

2020 - 2022 Production Guidance

The following table presents the Company's total gold, silver and gold equivalent ounces ("GEO") production expectations in 2020, 2021 and 2022. Actual production for the year-ended December 31, 2019 includes comparative operations, which comprise those mines in the Company's portfolio as of December 31, 2019. The Company notes that it guides on GEO production and costs based on a particular assumption of gold and silver prices. Although underlying gold and silver production does not change with the fluctuation in gold and silver prices, the change in the GEO ratio from such fluctuations may result in a different GEO production than that guided.

The Company looks at production within a normal range of +/- 2%, and the guidance values noted below reflect the mid-point of this production range for the 2020-2022 period. As guidance becomes less predictable three years out, in 2022, a greater allowance of +/- 3% is provided. The Company expects that the completion of the Phase 1 optimization of Jacobina, development successes at several of its mines, along with continued exploration success at Cerro Moro will be the main catalysts for its production levels in 2022.

The production profile for 2020 to 2022 shows sequential growth in gold production every year. Several growth opportunities are available, and in the near and medium-term the Company remains focused on optimizing the existing portfolio of five operating mines while also advancing studies for various expansion projects and longer term development assets.

The Company expects to continue its established trend of delivering stronger production in the second half of the year, with approximately 54% of production slated for the second half, along with quarterly sequential increases in production.

(000's ounces)	2019 Actual	**2020 Guidance**	**2021 Guidance**	**2022 Guidance**
Total gold production (i)(ii)	848	**857**	**873**	**885**
Total silver production	10,640	**11,500**	**11,000**	**10,000**
Total GEO production (i)(ii)	972	**990**	**1,000**	**1,000**

(i) Included in full year 2019 production figures are 3,137 gold ounces of pre-commercial production, related to the Company's 50% interest in the Canadian Malartic mine's Barnat deposit.

(ii) GEO assumes gold ounces plus the equivalent of silver ounces using a ratio of 86.02 for 2019, and a ratio of 86.10 for 2020, 2021 and 2022.

The following table presents mine-by-mine production results for Yamana Mines for 2019 and expectations for 2020.

	Gold		Silver		GEO	
(000's ounces)	2019 Actual	**2020 Guidance**	2019 Actual	**2020 Guidance**	2019 Actual	**2020 Guidance**
Canadian Malartic (50%) (i)	335	**330**	—	**—**	335	**330**
Jacobina	159	**162**	—	**—**	159	**162**
Cerro Moro	121	**117**	6,323	**7,500**	195	**204**
El Peñón	160	**162**	4,317	**4,000**	210	**209**
Minera Florida	74	**86**	—	**—**	74	**86**
Yamana Mines (iv)	848	**857**	10,640	**11,500**	972	**990**

Cost Outlook

The following table presents cost of sales, cash costs and AISC results in 2019 and guidance ranges for 2020. The mid-point of the guided ranges are consistent with costs observed in the current period, highlighting the ability of the Company to contain costs and expand its margins. While there is a marginal increase in sustaining capital expenditures, the Company does not anticipate that it will impact margins due to the higher gold and silver price environment currently in place. With the expected higher production weighting in the second half of the year, the Company anticipates unitary costs to also trend lower in the second half, in relation to the first half of the year.

	Total cost of sales per GEO sold (ii)		Cash costs per GEO sold (ii)		AISC per GEO sold (ii) (iii)	
(In US dollars)	2019 Actual	**2020 Guidance**	2019 Actual	**2020 Guidance**	2019 Actual	**2020 Guidance**
Canadian Malartic (50%) (i)	$ 1,011	**$1,070-1,110**	$ 601	**$610-650**	$ 782	**$820-850**
Jacobina	$ 947	**$970-1,010**	$ 593	**$600-640**	$ 845	**$860-890**
Cerro Moro	$ 1,293	**$1,240-1,280**	$ 725	**$640-680**	$ 969	**$970-1,000**
El Peñón	$ 1,209	**$1,150-1,190**	$ 726	**$660-700**	$ 1,003	**$930-960**
Minera Florida	$ 1,423	**$1,220-1,260**	$ 945	**$790-830**	$ 1,346	**$1,130-1,160**
Yamana Mines (iv)	$ 1,142	**$1,130-1,170**	$ 679	**$640-680**	$ 999	**$980-1,020**

(i) Included in full year 2019 production figures are 3,137 gold ounces of pre-commercial production, related to the Company's 50% interest in the Canadian Malartic mine's Barnat deposit. Pre-commercial production ounces are excluded from sales figures, although pre-commercial production ounces that were sold during their respective period of production had the corresponding revenues and cost of sales capitalized to mineral properties.

(ii) A cautionary note regarding non-GAAP financial measures and additional subtotals in financial statements are included in *Section 11: Non-GAAP Performance Measures* of this MD&A.

(iii) 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.

(iv) Yamana Mines includes those mines in the Company's portfolio as of December 31, 2019: Canadian Malartic, Jacobina, Cerro Moro, El Peñón and Minera Florida

The following table presents sustaining capital and exploration spend results for 2019 and expectations by mine for 2020:

	Expansionary capital		Sustaining capital		Total exploration	
(In millions of US Dollars)	2019 Actual	**2020 Guidance**	2019 Actual	**2020 Guidance**	2019 Actual	**2020 Guidance**
Canadian Malartic (50%)	$ 36.5	**$ 25.0**	$ 45.1	**$ 53.0**	$ 1.0	**$ 10.0**
Jacobina	30.7	**20.0**	24.5	**24.0**	6.5	**7.0**
Cerro Moro	3.7	**5.0**	23.5	**40.0**	16.2	**18.0**
El Peñón	0.8	**—**	30.8	**30.0**	18.1	**18.0**
Minera Florida	11.7	**18.0**	13.1	**15.0**	9.5	**11.0**
Other capital	11.4	**21.0**	5.1	**2.0**	7.7	**—**
Generative exploration	—	**—**	—	**—**	3.9	**14.0**
Other exploration and overhead	—	**—**	—	**—**	5.6	**6.0**
Total	$ 94.8	**$ 89.0**	$ 142.2	**$ 164.0**	$ 68.3	**$ 84.0**

The following table presents other expenditure results in 2019 and expectations for 2020:

(In millions of US Dollars)		2019 Actual		**2020 Guidance**
Total DDA	$	471.7	**$**	**500.0**
Cash based G&A	$	68.4	**$**	**63.0**
Cash income taxes paid (i)	$	63.0	**$**	**100.0- 110.0**

(i) 2020 guidance is based on $1,550 gold price and $18.00 silver price as per guidance assumption table.

Guidance Assumptions

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

		2019 Actual (i)		**2020 Guidance**
GEO Ratio		86.02		**86.10**
Gold	$	1,392	**$**	**1,550**
Silver	$	16.20	**$**	**18.00**
USD-CAD		1.33		**1.32**
USD-BRL		3.95		**4.20**
USD-CLP		703.25		**780.00**
USD-ARS		48.24		**72.50**

(i) 2019 metal prices and exchange rates shown in the table above are the average metal prices and exchange rates for the year ended December 31, 2019.

3. REVIEW OF FINANCIAL RESULTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2019

Net earnings (loss)

Net earnings attributable to the Company's equity holders for the three months ended December 31, 2019, were $14.6 million or $0.02 per share basic and diluted, compared to a net loss of $61.4 million or $0.06 per share basic and diluted for the three months ended December 31, 2018.

Net earnings and earnings per share for the three months ended December 31, 2019 and 2018 were affected by the following non-cash and other items that management believes are not reflective of current and ongoing operations, and which may be used to adjust or reconcile input models in consensus estimates:

	For the three months ended December 31,			
(In millions of US Dollars; except per share amounts)		**2019**		2018
Non-cash unrealized foreign exchange losses	**$**	**0.6**	$	3.2
Share-based payments/mark-to-market of deferred share units		**3.2**		(0.5)
Mark-to-market losses (gains) on derivative contracts, investments and other assets		**(0.9)**		(1.7)
Gain on sale of subsidiaries and other assets		**—**		(2.7)
Net impairment of mining and non-operational mineral properties		**—**		(13.0)
Impairment of goodwill		**—**		45.0
Other provisions, write-downs and adjustments (i)		**7.5**		18.9
Non-cash tax on unrealized foreign exchange losses		**(3.9)**		(43.2)
Income tax effect of adjustments		**(0.2)**		(6.3)
One-time tax adjustments		**5.8**		87.9
Total adjustments - increase to earnings attributable to Yamana equity holders	**$**	**12.1**	$	87.6
Total adjustments - increase to earnings per share attributable to Yamana equity holders	**$**	**0.01**	$	0.09

(i) This balance includes, among other things, revisions in estimates and write-downs & provisions, or reversals of provisions, for items such as tax credits and legal contingencies.

Revenue

In the three months ended December 31, 2019, revenue was $383.8 million compared to $483.4 million in the same period in 2018. The difference was attributable to lower overall sales volumes, reflective of the fact that the Company's portfolio is now comprised of five producing mines, partially offset by higher average realized gold and silver prices. The decrease in sales volumes was primarily driven by the absence of contributions from Gualcamayo (divested December 2018) and Chapada (divested July 5, 2019). The lower gold and silver sales volumes was partially offset by higher average realized prices for these metals in the current period, with the overall decrease in revenue being primarily attributable to copper.

For the three months ended December 31,			**2019**			2018
	Quantity sold		**Revenue per ounce/pound**		**Revenue** *(In millions of US Dollars)*	Revenue *(In millions of US Dollars)*
Gold (i)	**223,433**	**oz**	**$ 1,486**		**$ 332.0**	$ 347.9
Silver	**2,935,673**	**oz**	**$ 17.55**		**51.5**	44.7
Copper (i)	**182,567**	**lbs**	**$ 1.88**		**0.3**	90.8
					$ 383.8	$ 483.4

For the three months ended December 31,			**2019**	**Revenue**	2018
	Quantity sold		**Average Realized Price**	**Revenue** *(In millions of US Dollars)*	Revenue *(in millions of US Dollars)*
Gold (i)	**223,433**	**oz**	**$ 1,484**	**$ 331.5**	$ 348.7
Silver	**2,635,673**	**oz**	**$ 17.39**	**45.8**	43.7
Silver subject to metal sales agreement (ii)	**300,000**	**oz**	**$ 18.52**	**5.6**	1.0
	2,935,673	**oz**	**$ 17.50**		
Copper (i)	**16,085**	**lbs**	**$ 2.70**	**0.0**	63.4
Copper subject to metal sales agreements (i)(ii)	**166,482**	**lbs**	**$ 2.06**	**0.3**	39.4
	182,567	**lbs**	**$ 2.11**		
Gross revenue				**$ 383.2**	$ 496.2
(Deduct) add:					
– Treatment and refining charges of gold and copper concentrate				**—**	(10.0)
– Metal price, MTM, and derivative settlement adjustments				**0.6**	(2.8)
Revenue				**$ 383.8**	$ 483.4

(i) Includes payable gold and copper contained in concentrate. Concentrate sales in the quarter result from final settlements of provisionally priced invoices.
(ii) Balances represent the metals sold under the metal sales agreements.

Cost of Sales

Cost of sales excluding DDA decreased by $96.8 million or 36% for the three months ended December 31, 2019 compared to the same period in 2018, primarily due to the comparative period including $93.9 million from Gualcamayo and Chapada, which were divested in December 2018 and July 2019, respectively.

Total DDA expense decreased $11.9 million or 9% for the three months ended December 31, 2019 when compared to the same period in 2018, with the decrease primarily attributable to the absence of DDA from the Chapada mine in the current period.

Expenses and Other Income

General and administrative ("G&A") expenses include expenses related to the overall management of the business that are not part of direct mine operating costs. In the three months ended December 31, 2019, G&A expenses decreased $1.7 million or 8% compared to the same period in 2018 primarily attributable to cash reductions resulting from optimization and cost reduction initiatives that were implemented following the sale of the Chapada mine to align the Company’s cost structure to its portfolio of remaining assets. Partially offsetting this decrease was a $2.1 million increase in share-based compensation, in particular performance share units, due to the appreciation in the Company's share price during the period. G&A cash expenditures were in line with the revised guided value of $68.0 million for 2019.

Exploration and evaluation expenses decreased $0.3 million or 7% in the three months ended December 31, 2019 compared to the same period in 2018, in line with lower planned greenfield exploration during the period.

The Company's share of loss related to its associate, Leagold, totalled $0.3 million for the three months ended December 31, 2019, compared to a share of earnings of $4.5 million for the same period in 2018, reflective of the financial results of Leagold in the respective periods.

In the three months to December 31, 2019, the Company recorded other operating expenses of $5.6 million. In the same period in 2018, the Company recorded other operating expenses of $11.0 million. The decrease in the current period is primarily attributable to one-time write offs of tax recoverable assets and other assets in the comparative period, with no current period comparable.

Finance costs decreased $10.4 million or 33% in the three months ended December 31, 2019 compared to the same period in 2018, primarily due to lower interest expense in the current period, following the repayment of $415.0 million of senior notes and $385.0 million of indebtedness under the revolving credit facility during the third quarter of 2019 in connection with the sale of the Chapada mine in July 2019.

Other costs were $3.5 million in the three months ended December 31, 2019, compared to other income of $0.2 million in the comparative period in 2018. Other income is comprised primarily of unrealized gains and losses on derivatives and foreign exchange and, given the nature of these items, is expected to fluctuate from period to period. The loss in the current period was primarily due to both foreign exchange losses and unrealized losses on derivatives, the latter of which increased $5.8 million from the comparative period in 2018.

Income Tax Expense (Recovery)

The Company recorded an income tax expense of $27.3 million for the three months ended December 31, 2019, compared to an income tax recovery of $52.8 million for the same period in 2018. The income tax provision reflects a current income tax expense of $24.0 million and a deferred income tax recovery of $3.4 million, compared to a current income tax expense of $51.6 million and a deferred income tax recovery of $1.3 million for the three months ended December 31, 2018.

An income tax recovery of $6.9 million is included in the income tax expense for the three months ended December 31, 2019, compared to an income tax expense of $41.5 million in 2018, relating to the translation of deferred tax balances, foreign exchange on non-monetary assets and foreign exchange in local books. A recovery of the deferred tax assets recognized in the amount of $28.6 million compared to a recovery of $88.3 million for the three months ended December 31, 2018 was also included in tax expense. The tax provision was also impacted by mining taxes of $18.0 million for the three months ended December 31, 2019, compared to a mining tax recovery of $1.0 million in the three months ended December 31, 2018.

FOR THE YEAR ENDED DECEMBER 31, 2019

Net earnings (loss)

Net earnings attributable to the Company's equity holders for the year ended December 31, 2019, were $225.6 million or $0.24 per share basic and diluted, compared to a net loss of $284.6 million or $0.30 per share basic and diluted for the year ended December 31, 2018.

Net earnings (loss) and earnings (loss) per share for the year ended December 31, 2019 and 2018 were affected by the following non-cash and other items that management believes are not reflective of current and ongoing operations, and which may be used to adjust or reconcile input models in consensus estimates:

(In millions of US Dollars; except per share amounts)	*For the year ended December 31,* **2019**	2018
Non-cash unrealized foreign exchange losses	**$ 29.0**	$ 9.5
Share-based payments/mark-to-market of deferred share units	**15.0**	5.3
Mark-to-market losses on derivative contracts, investments and other assets	**0.1**	0.4
Gain on sale of subsidiaries and other assets	**(273.1)**	(73.7)
Gain on sale of Gold Price Instrument	**(11.5)**	—
Share of one-off provision recorded against deferred income tax assets of associate	**13.0**	—
Net impairment of mining and non-operational mineral properties	**—**	250.0
Impairment of goodwill	**—**	45.0
Financing costs paid on early note redemption	**35.0**	14.7
Other provisions, write-downs and adjustments (i)	**42.0**	57.9
Non-cash tax on unrealized foreign exchange losses	**17.9**	151.9
Income tax effect of adjustments	**(0.5)**	(5.0)
One-time tax adjustments	**26.9**	(59.4)
Total adjustments - (decrease) increase to earnings attributable to Yamana equity holders	**$ (106.1)**	$ 396.5
Total adjustments - (decrease) increase to earnings per share attributable to Yamana equity holders	**$ (0.11)**	$ 0.42

(i) This balance includes, among other things, revisions in estimates and write-downs & provisions, or reversals of provisions, for items such as tax credits and legal contingencies.

Revenue

For the year ended December 31, 2019, revenue was $1,612.2 million compared to $1,798.5 million in the prior year. Sales volumes in the second half of 2019 were lower, reflective of the fact that the Company's portfolio has comprised of five producing mines since the sale of Chapada on July 5, 2019. In addition to lower contributions from Chapada, the decrease in sales volumes in 2019 was also driven by the absence of contributions from Brio Gold and Gualcamayo (divested in May and December 2018, respectively). Lower volumes of gold and silver sales were partially offset by higher average realized prices for gold and silver in the current year, and higher contributions from Cerro Moro (which entered commercial production in late June 2018). The overall decrease in revenue was primarily attributable to copper.

For the year ended December 31,	**2019**				2018
	Quantity sold		**Revenue per ounce/pound**	**Revenue** *(In millions of US Dollars)*	Revenue *(In millions of US Dollars)*
Gold (i)	**911,708**	**oz**	**$ 1,392**	**$ 1,268.7**	$ 1,357.5
Silver	**11,009,552**	**oz**	**$ 16.39**	**180.6**	$ 107.6
Copper (i)	**59,887,778**	**lbs**	**$ 2.72**	**162.9**	$ 333.4
				$ 1,612.2	$ 1,798.5

For the year ended December 31,	2019					2018
	Quantity sold			Average Realized Price	Revenue *(In millions of US Dollars)*	Revenue *(in millions of US Dollars)*
Gold (i)	**911,708**	**oz**	**$**	**1,387**	**$ 1,264.6**	$ 1,362.8
Silver	**10,165,352**	**oz**	**$**	**16.11**	**163.8**	103.3
Silver subject to metal sales agreement (ii)	**844,200**	**oz**	**$**	**18.05**	**15.2**	4.3
	11,009,552	**oz**	**$**	**16.26**		
Copper (i)	**37,157,312**	**lbs**	**$**	**2.83**	**105.1**	272.9
Copper subject to metal sales agreements (ii)	**22,730,466**	**lbs**	**$**	**2.91**	**66.2**	96.9
	59,887,778	**lbs**	**$**	**2.86**		
Gross revenue					**$ 1,614.9**	$ 1,840.2
(Deduct) add:						
- Treatment and refining charges of gold and copper concentrate					**(13.0)**	$ (34.6)
- Metal price, MTM, and derivative settlement adjustments					**10.3**	$ (6.8)
- Other adjustments					**—**	$ (0.2)
Revenue					**$ 1,612.2**	$ 1,798.5

(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.

Cost of Sales

Cost of sales excluding DDA decreased $227.2 million or 22% for the year ended December 31, 2019 when compared to the prior year. Cost of sales excluding DDA was positively impacted by ongoing operational efficiencies improving per unit costs, the depreciation of certain local currencies against the US Dollar, and the absence of costs from the Chapada mine (divested on July 5, 2019) for half the year. These reductions in costs were partially offset by local inflation and export taxes in Argentina that were effective for the full year of 2019, but only for the fourth quarter in 2018.

Total DDA expense increased $33.4 million or 8% for the year ended December 31, 2019 when compared to the prior year. Higher DDA expense was primarily attributable to a full year of DDA from Cerro Moro in the current year (only six months in the prior year as Cerro Moro reached commercial production at the end of June 2018), an increase in DDA per ounce at Jacobina, which has a higher depletable cost base subsequent to the $150.0 million impairment reversal recorded in the fourth quarter of 2018, as well as higher DDA from El Peñón largely attributable to an increase in GEO ounces produced and sold in the current year. These increases were partially offset by the absence of DDA from Chapada subsequent to April 2019 (date of reclassification as held for sale). DDA in the current period also includes depreciation of the right-of-use assets recognized upon adoption of the new lease accounting standard on January 1, 2019, and throughout 2019.

Expenses and Other Income

General and administrative ("G&A") expenses include costs related to the overall management of the business that are not part of direct mine operating costs. In the year ended December 31, 2019, G&A expenses decreased $12.4 million or 13% compared to the prior year, primarily attributable to cash reductions resulting from optimization and cost reduction initiatives that were implemented following the sale of the Chapada mine in an effort to align the Company's cost structure to its portfolio of remaining assets. G&A cash expenditures were in line with the revised guided value of $68 million for 2019. Partially offsetting this decrease was a $5.1 million increase in stock based compensation, in particular performance share units, due to the appreciation in the Company's share price since January 1, 2019.

Exploration and evaluation expenses decreased $2.7 million or 21% in the year ended December 31, 2019 compared to the prior year, in line with lower planned greenfield exploration during the period.

The Company's share of net loss related to its associate, Leagold, totalled $16.3 million for the year ended December 31, 2019, compared to a share of earnings of $5.5 million in the prior year. The loss recorded in the current year was primarily attributable to the Company recording its share of a $63.5 million tax provision recorded by Leagold during the year.

In the year ended December 31, 2019, the Company recorded other operating income of $222.4 million, and in 2018, other operating income of $9.3 million. The income recorded in the current period was primarily attributable to the $273.1 million gain recognized upon the sale of the Chapada mine, partially offset by various other operating expenses. The comparative period income was driven primarily by net gains of $73.7 million, associated with the sale of certain Canadian exploration properties (including Kirkland Lake and Hammond Reef), Brio Gold and Gualcamayo, partially offset by various other operating expenses.

Finance costs increased $6.8 million or 5% in the year ended December 31, 2019 when compared to the prior year, primarily attributable to the $35.0 million expense incurred in the current year relating to the early redemption of certain of the Company's senior notes in connection with the sale of the Chapada mine. In the comparative period, the Company incurred a $14.7 million expense on the early redemption of a different series of senior notes. The increase attributable to the early redemption expense was partially offset by lower overall interest payments resulting from the aforementioned reduction in the carrying amount of debt in the third quarter of 2019. The reduction in the carrying amount of debt is expected to significantly reduce the annual carrying cost of interest on debt, freeing up cash for other uses or for the Company to further improve its net debt position.

Other costs were $19.6 million for the year ended December 31, 2019, compared to other income of $2.5 million in the comparative year. Other costs/income is comprised primarily of realized and unrealized gains and losses on derivatives and foreign exchange and, given the nature of these items, is expected to fluctuate from year to year. The loss in the current period was primarily due to foreign exchange losses, partially offset by the realized gain on the sale of the Gold Price Instrument.

Income Tax Expense (Recovery)

The Company recorded an income tax expense of $84.7 million for the year ended December 31, 2019, compared to an income tax expense of $121.0 million in the prior year. The income tax provision reflects a current income tax expense of $95.0 million and a deferred income tax recovery of $10.3 million compared to a current income tax expense of $138.8 million and a deferred income tax recovery of $17.8 million for the year ended December 31, 2018.

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 27.3% on the earnings before tax for the year ended December 31, 2019, compared to an effective tax rate of negative 68.4% for 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 years ended December 31, 2019 and 2018:

- Permanent differences of $63.2 million reduced the income tax expense for the year ended December 31, 2019, compared to an increase in income tax expense of $38.8 million in 2018, mainly relating to the sale of Chapada.
- Mining tax in the amount of $29.1 million for the year ended December 31, 2019 and $14.3 million for the year ended December 31, 2018 was recorded in income tax expense. These taxes are incurred in Chile and Canada and are calculated based on taxable income and are considered an income tax.
- The tax provision was also impacted by the recognition of deferred tax assets in the amount of $20.6 million for the year ended December 31, 2019, compared to the non-recognition of deferred tax assets of $26.4 million for the year ended December 31, 2018.
- An income tax recovery of $11.0 million is included in the income tax expense for the year ended December 31, 2019, compared to an income tax expense of $32.3 million in 2018, relating to the translation of deferred tax balances, foreign exchange on non-monetary assets and foreign exchange in local books

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 2019, decreasing to 25% in 2021; 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; therefore, there should be no impact on the calculation of the current or deferred tax expense in the period.

The largest components of the net deferred tax liabilities relate to:

	2019	2018
Canadian Malartic	**$318.5**	$314.0
Jacobina	**$169.1**	$168.7
El Peñón	**$51.8**	$46.1
Agua Rica	**$266.6**	$266.6
Exploration Potential	**$245.9**	$245.9
Chapada	**—**	$68.0

QUARTERLY FINANCIAL SUMMARY

For the three months ended *(In millions of US Dollars, except per share amounts)*	**Dec. 31, 2019**	Sep. 30, 2019	Jun. 30 2019	Mar. 31 2019	Dec. 31 2018	Sep. 30, 2018	Jun. 30 2018	Mar. 31, 2018
Financial results								
Revenue	**$ 383.8**	$ 357.8	$ 463.5	$ 407.1	$ 483.4	$ 424.7	$ 435.7	$ 454.7
Attributable to Yamana equity holders:								
Net earnings (loss)	**$ 14.6**	$ 201.3	$ 14.1	$ (4.1)	$ (61.4)	$ (81.3)	$ 18.0	$ (160.1)
Per share - basic and diluted	**$ 0.02**	$ 0.21	$ 0.01	$ 0.00	$ (0.06)	$ (0.09)	$ 0.02	$ (0.17)

4. OPERATING SEGMENTS PERFORMANCE

CANADIAN MALARTIC (50% interest), CANADA

Canadian Malartic is an open pit gold mine, located in the Abitibi region of Quebec, Canada. The Company and its partner, Agnico Eagle Mines Limited, each own 50% of Canadian Malartic General Partnership.

	For the three months ended December 31,		*For the year ended December 31,*	
Key Performance Information	**2019**	2018	**2019**	2018
Operating				
Ore mined (tonnes)	**3,589,493**	3,467,366	**14,642,808**	13,645,600
Waste mined (tonnes)	**3,274,236**	3,619,041	**13,780,384**	14,306,186
Ore processed (tonnes)	**2,720,660**	2,541,967	**10,524,531**	10,241,870
GEO				
Production (ounces) (i)	**85,042**	84,732	**334,596**	348,600
Sales (ounces) (i)	**84,673**	89,626	**330,851**	349,923
Feed grade (g/t) (ii)	**1.09**	1.18	**1.12**	1.20
Recovery rate (%) (ii)	**89.1**	87.9	**88.7**	88.3
Total cost of sales per GEO sold	**$ 1,039**	$ 974	**$ 1,011**	$ 967
Cash costs per GEO sold (iii)(iv)	**$ 627**	$ 587	**$ 601**	$ 573
AISC per GEO sold (iii)(iv)	**$ 828**	$ 748	**$ 782**	$ 746
DDA per GEO sold	**$ 412**	$ 388	**$ 409**	$ 394
Financial *(millions of US Dollars)*				
Revenue	**$ 125.9**	$ 110.2	**$ 460.5**	$ 447.6
Cost of sales excluding DDA	**(53.1)**	(52.6)	**(198.9)**	(200.4)
Gross margin excluding DDA	**$ 72.8**	$ 57.6	**$ 261.6**	$ 247.2
DDA	**(34.9)**	(34.7)	**(135.4)**	(137.8)
Impairment of goodwill	**—**	(45.0)	**—**	(45.0)
Mine operating earnings (loss)	**$ 37.9**	$ (22.1)	**$ 126.2**	$ 64.4
Capital expenditures *(millions of US Dollars)*				
Sustaining and other	**$ 13.5**	$ 11.4	**$ 45.1**	$ 46.4
Expansionary	**$ 9.8**	$ 8.9	**$ 36.5**	$ 31.4
Exploration	**$ 0.1**	$ 0.4	**$ 1.0**	$ 4.0

(i) Included in fourth quarter 2019 and year-ended December 31, 2019 production figures are 3,137 gold ounces of pre-commercial production, related to the Company's 50% interest in the Canadian Malartic mine's Barnat deposit. Pre-commercial production ounces are excluded from sales figures, although pre-commercial production ounces that were sold during their respective period of production had their corresponding revenues and cost of sales capitalized to mineral properties.
(ii) Grades and recovery rates relate to gold production.
(iii) A cautionary note regarding non-GAAP performance measures is included in *Section 11: Non-GAAP Performance Measures*.
(iv) Net of CAD currency hedge losses of nil per GEO sold for the three months ended December 31, 2019 (2018: $6.3 per GEO sold), and $0.9 per GEO sold for the year ended December 31, 2019 (2018: $4.3 per GEO sold).

Canadian Malartic exceeded its production plan in the fourth quarter of 2019, and also exceeded its full year production forecast of 330,000 ounces. Grade and recoveries were as expected, with tonnes processed greater than plan. Production was marginally lower than the same period in 2018, as anticipated, due to lower grades, partially offset by higher recoveries.

Prior year unitary costs were positively impacted by record 2018 production, which resulted in fixed costs being divided over a larger number of ounces.

The Canadian Malartic Extension Project continues to advance as expected, with modest pre-commercial contributions from Barnat of 3,137 ounces during the fourth quarter of 2019. The highway 117 road deviation was completed and opened to traffic, with the remaining extension work focused on overburden stripping and topographic excavation continuing according to plan. The ramp-up of the Barnat deposit will continue throughout 2020, with 2021 being the first full year of meaningful contributions. On a 50% basis, expansionary capital expenditures related to the Canadian Malartic Extension Project were $9.7 million during the fourth quarter and $27.7 million during the year ended 2019, with an additional $24.3 million expected to be spent in 2020.

As part of ongoing stakeholder engagement, the Partnership is finalizing discussions with four First Nations groups concerning a collaboration agreement, which is expected to include a financial component. As with the Good Neighbour Guide and other community relations efforts at Canadian Malartic, the Partnership is continuously working collaboratively with stakeholders to establish cooperative relationships that support the long-term potential of the mine.

Exploration programs are ongoing to evaluate several deposits and prospective exploration areas. Work in the fourth quarter focused on delineation of the new East Gouldie zone, as well as testing targets along strike and developing targets in the recently acquired Rand property. Data compilation efforts on East Amphi, located west of the Malartic open pit, have verified drill databases and led to the definition of known mineralization as well as significant new drill targets for 2020. Drilling on the Rand property has located several near surface porphyry bodies with some significant mineralization and near surface delineation drilling started in January 2020.

Drill results for 2019 had a positive impact on inferred mineral resources at the Canadian Malartic property at year-end, with significant additions from drilling on the East Gouldie discovery. The East Gouldie zone has rapidly advanced within one year of its discovery in November, 2018. As the East Gouldie zone remains open, it represents an excellent opportunity for a significant underground ore body.

The Company intends to continue to advance studies related to the underground mineral resources at Canadian Malartic, and to continue exploration to define and expand those underground resources. In 2020, Malartic will consider the development of a ramp into Odyssey and East Malartic, with the purpose of mining their respective upper zones, provide further exploration access, and, as it is likely that these ore bodies will require a shaft, for the advance of efforts for the advancement of such shaft. For further information and discussion surrounding Expansion opportunities at Canadian Malartic, please refer to *Section 1: Highlights and Relevant Updates, Strategic Developments, Canadian Malartic.*

JACOBINA, BRAZIL

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

Key Performance Information	For the three months ended December 31, 2019	2018	For the year ended December 31, 2019	2018
Operating				
Ore mined (tonnes)	**600,048**	505,329	**2,298,631**	2,093,413
Ore processed (tonnes)	**567,329**	517,953	**2,254,793**	2,035,214
GEO				
Production	**41,774**	37,071	**159,499**	144,695
Sales	**44,293**	34,934	**160,142**	141,780
Feed grade (g/t) (i)	**2.38**	2.31	**2.28**	2.30
Recovery rate (%) (i)	**96.4**	96.2	**96.7**	96.3
Total cost of sales per GEO sold	**$ 799**	$ 1,132	**$ 947**	$ 967
Cash costs per GEO sold (ii)	**$ 529**	$ 681	**$ 593**	$ 675
AISC per GEO sold (ii)	**$ 827**	$ 906	**$ 845**	$ 891
DDA per GEO sold	**$ 270**	$ 451	**$ 354**	$ 292
Financial *(millions of US Dollars)*				
Revenue	**$ 65.6**	$ 42.9	**$ 224.0**	$ 179.4
Cost of sales excluding DDA	**(23.4)**	(23.8)	**(94.9)**	(95.7)
Gross margin excluding DDA	**$ 42.2**	$ 19.1	**$ 129.1**	$ 83.7
DDA	**(12.0)**	(15.7)	**(56.7)**	(41.4)
Impairment reversal	**—**	150.0	**—**	150.0
Mine operating earnings	**$ 30.2**	$ 153.4	**$ 72.4**	$ 192.3
Capital Expenditures *(millions of US Dollars)*				
Sustaining and other	**$ 8.2**	$ 5.1	**$ 24.5**	$ 21.0
Expansionary	**$ 6.9**	$ 9.4	**$ 30.7**	$ 20.6
Exploration	**$ 2.7**	$ 1.7	**$ 6.5**	$ 5.9

(i) Grades and recovery rates relate to gold production.
(ii) A cautionary note regarding non-GAAP performance measures is included in *Section 11: Non-GAAP Performance Measures*.

Jacobina exceeded its production plan once again, and maintained strong performance momentum, posting a fourth consecutive quarter of record setting production at 41,774 ounces. Jacobina raised its guided 2019 production during the second quarter to 152,000 GEO, and has exceeded this target. Grade, recoveries, and tonnes processed all exceeded the same three and twelve month periods in 2018, resulting in higher production.

Costs were in line with expectations in the fourth quarter of 2019, and lower than in the fourth quarter of 2018 due to the internalization of underground development activities which were previously under contract. Throughput for the quarter was approximately 6,200 tpd, and the remaining Phase 1 investment, which is on track to be finalized in mid-2020, is expected to add consistency and stability to the plant process, increasing capacity to a sustainable 6,500 tpd. Alongside this stability, the recently provided exploration update further enables the Company to achieve previously guided long term goals due to increases to mineral reserves. For further information and discussion surrounding Phase 1 and Phase 2 expansions, please refer to *Section 1: Highlights and Relevant Updates, Strategic Developments, Jacobina.*

During the quarter unitary costs were positively impacted by the record production due to the planned higher processing rates and higher grade ore. Lower DDA per GEO sold resulted from a reduction in the rates of depletion, depreciation and amortization per ounce due to higher mineral reserves and resources, following the filing of a new 43-101 technical report. This was partially offset by a higher cost base following the reversal of an impairment charge recorded in 2018, and an increase in tonnes processed. Mine development work and improved ore extraction continued as planned and the stability of surface stockpiles continues to provide flexibility to the mine. Further, cash costs per GEO sold benefited from lower secondary development in connection with increased capital primary development, conducted to add future flexibility to the mine. With planned flexibility achieved, the rate of development is being normalized, and is expected to decrease by 4,000 metres to 14,000 metres during 2020.

On a year-to-date basis, unitary costs per GEO sold were positively impacted by the higher productivity and cost reduction improvements relating to mining, plant processing, maintenance and supply chain, however, higher DDA per GEO sold resulted from the aforementioned reversal of an impairment charge.

Approximately 14,400 metres of drilling were completed at Jacobina in the fourth quarter, including 3,800 metres dedicated to delineation of new inferred resources, 3,700 metres toward definition of new mineral envelope, and 6,900 metres toward delineation of new indicated resources. Total drilling completed in 2019 was in line with the annual target. Drilling in quarter focused on the definition of new indicated mineral resources in the Morro do Vento and Canavieiras sectors, which surpassed the annual targets.

The mineral envelope was extended at Canavieiras Sul Extension, and the mineral envelope at the João Belo south extension continues to grow. Structural interpretations, including the recognition of the low angle faults bounding different mine sectors, is allowing for significant lateral expansion of the known mineralized zones in Canavieiras and Morro do Vento, underneath shallow dipping faults. Exploratory drilling in the large prospective area south of João Belo infrastructure has returned positive drill results that indicate almost 2 km of mineralized reefs. Drilling in this area is expected to provide new inferred resources in 2020 with long term growth potential. Surface exploration continue to define other targets at Jacobina Norte, where surface results now indicate 15 km of strike with conglomeratic reefs carrying significant gold located 9 kilometers north of Canavieiras. This area will be drilled in 2020 to test for a new deposit located north of the town of Jacobina.

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 year ended December 31,*	
Key Performance Information	**2019**	2018	**2019**	2018
Operating				
Ore mined (tonnes)	**101,020**	83,313	**352,332**	210,644
Waste mined (tonnes)	**1,497,928**	2,261,670	**6,640,990**	6,416,534
Ore processed (tonnes)	**99,593**	85,673	**367,334**	199,602
GEO				
Production (i)	**45,102**	70,638	**194,574**	144,352
Sales (i)	**45,690**	63,443	**213,077**	105,128
Total cost of sales per GEO sold	**$ 1,456**	$ 1,067	**$ 1,293**	$ 1,096
Cash costs per GEO sold (ii)	**$ 811**	$ 601	**$ 725**	$ 629
AISC per GEO sold (ii)	**$ 1,228**	$ 816	**$ 969**	$ 848
DDA per GEO sold	**$ 646**	$ 466	**$ 571**	$ 467
Gold				
Production (ounces) (i)	**26,568**	45,066	**120,802**	92,793
Sales (ounces) (i)	**27,088**	40,016	**135,949**	68,669
Feed grade (g/t)	**8.79**	17.09	**10.81**	15.85
Recovery rate (%)	**94.4**	94.2	**94.5**	93.1
Silver				
Production (ounces) (i)	**1,584,904**	2,077,906	**6,322,864**	4,119,085
Sales (ounces) (i)	**1,588,986**	1,903,652	**6,660,934**	2,920,252
Feed grade (g/t)	**519.43**	811.35	**568.61**	724.69
Recovery rate (%)	**95.3**	91.4	**94.8**	89.4
Financial *(millions of US Dollars)*				
Revenue	**$ 68.5**	$ 76.9	**$ 299.6**	$ 126.8
Cost of sales excluding DDA	**(37.0)**	(38.1)	**(153.8)**	(66.1)
Gross margin excluding DDA	**$ 31.5**	$ 38.8	**$ 145.9**	$ 60.7
DDA	**(29.5)**	(29.5)	**(121.7)**	(49.1)
Mine operating earnings	**$ 2.0**	$ 9.3	**$ 24.2**	$ 11.6
Capital Expenditures *(millions of US Dollars)*				
Sustaining and other	**$ 11.9**	$ 9.4	**$ 23.5**	$ 15.0
Expansionary	**$ 2.6**	$ 1.7	**$ 3.7**	$ 61.3
Exploration	**$ 3.8**	$ 3.0	**$ 16.2**	$ 11.3

(i) Cerro Moro reached commercial production on June 26, 2018. Comparative production figures for the year ended December 31, 2018 include 8,625 gold ounces and 333,878 silver ounces of pre-commercial production. Pre-commercial production ounces are excluded from sales figures, although pre-commercial production ounces that were sold during their respective period of production had the corresponding revenues and cost of sales capitalized to mineral properties.

(ii) A cautionary note regarding non-GAAP performance measures is included in *Section 11: Non-GAAP Performance Measures*.

For the fourth quarter of 2019, Cerro Moro production, feed grade and mined ore grade all exceeded those of the prior quarter. Production in relation to the comparative period was impacted by the fact that the mine processed high grade gold and silver stockpile ore during its ramp up phase in 2018. Silver production exceeded plan, but the positive impact on GEO production was partially offset by the higher GEO ratio. The out-performance of gold price, relative to silver price during the year, caused the GEO ratio to be higher than that assumed in guidance and compared to prior year.

At Cerro Moro, production for gold and silver varies year-over-year and the Company strives to maintain consistent production on a GEO ratio. As expected, silver production was higher in the fourth quarter in comparison to gold. It is anticipated that silver will continue to be a more meaningful contributor to GEO in 2020 in relation to gold.

Furthermore, there were slight mine sequencing delays at Zoe during the current quarter. More meaningful contributions from the Zoe underground mine are expected in 2020, along with a return to reserve grade mining and processing. In particular, gold mining grade is expected to increase with the commencement of meaningful stope production from Zoe. It is expected that in 2020, Cerro Moro will have more meaningful contributions from underground mines, providing enhanced mine flexibility and efficiencies.

Fourth quarter unitary costs during the period were higher than the same period in 2018 due to the comparative period's higher production resulting from high grade stockpile consumption. Additionally, 2019 costs were impacted by a full year of Argentine export duty, versus only one quarter in 2018, and consequently full year costs were $17.1 million higher than in the comparative period. This resulted in an increase in export duty by $69 per ounce sold to roughly $92 per ounce sold. The Argentinian government enacted an export tax in 2018 that provided for a floating rate of up to 12%, with a specific cap for certain commodities at AR$4:U$1, in place until December 31, 2020. The cap was removed on December 14, 2019 effectively making tax on exports 12%. On December 23, 2019, the Argentinian government enacted a new law that allows for an export tax on mining and hydrocarbon commodities up to a maximum fixed percentage of 8% until December 31, 2021. The final regulations have not yet been published to establish the reduced rate.

Cerro Moro continues to pursue a drilling and surface exploration program at near-mine targets and across the property. During the fourth quarter of 2019 drilling focused on testing and delineation of near-mine structures. During the quarter approximately 1,500 metres of infill drilling were completed and a further 10,500 metres was drilled in exploration. Exploration drilling targeting vein extensions and regional structures generated new inferred resources, mainly from the new Naty discovery and Agostina. Fourth quarter exploration focused on the Naty target, and defined a 600 meter mineralized envelope, which remains open for further exploration. Naty is a recent discovery, made late last year, and exploration in 2020 will continue to define the newly discovered mineralized zone. Scout drilling, mostly testing regional structures, has generated several new targets and an expanding mineral envelope for further resource delineation in 2020.

The total number of surface rock and soil samples collected in 2019 as part of a property wide sampling and mapping program far exceeded annual targets, with 6,700 rock and 11,000 soil samples collected across the property. Systematic soil sampling and other fieldwork will continue during 2020. Results from an ongoing surface sampling and related exploration work, in addition to an aeromagnetic survey over 150,000 hectares, continues to drive exploration and generate new targets in the large land position at Cerro Moro.

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 year ended December 31,	
Key Performance Information	**2019**	2018	**2019**	2018
Operating				
Ore mined (tonnes)	**315,143**	270,191	**1,010,081**	975,379
Ore processed (tonnes)	**349,086**	310,808	**1,290,239**	1,103,835
GEO				
Production	**64,289**	52,561	**209,857**	201,065
Sales	**63,552**	51,965	**211,231**	200,804
Total cost of sales per GEO sold	**$ 1,062**	$ 1,280	**$ 1,209**	$ 1,314
Cash costs per GEO sold (i)	**$ 562**	$ 777	**$ 726**	$ 851
AISC per GEO sold (i)	**$ 775**	$ 1,031	**$ 1,003**	$ 1,117
DDA per GEO sold	**$ 500**	$ 503	**$ 483**	$ 462
Gold				
Production (ounces)	**48,131**	37,956	**159,515**	151,893
Sales (ounces)	**47,843**	37,864	**160,484**	151,921
Feed grade (g/t)	**4.52**	4.04	**4.09**	4.53
Recovery rate (%)	**94.5**	93.8	**94.0**	94.1
Silver				
Production (ounces)	**1,382,963**	1,186,789	**4,317,292**	3,903,961
Sales (ounces)	**1,346,687**	1,145,821	**4,348,618**	3,878,748
Feed grade (g/t)	**143.20**	141.89	**120.65**	131.32
Recovery rate (%)	**85.9**	84.2	**86.2**	83.6
Financial *(millions of US Dollars)*				
Revenue	**$ 94.1**	$ 63.0	**$ 297.0**	$ 253.6
Cost of sales excluding DDA	**(35.7)**	(40.4)	**(153.4)**	(171.0)
Gross margin excluding DDA	**$ 58.4**	$ 22.6	**$ 143.6**	$ 82.6
DDA	**(31.8)**	(26.2)	**(102.0)**	(92.9)
Mine operating earnings (loss)	**$ 26.6**	$ (3.6)	**$ 41.6**	$ (10.3)
Capital Expenditures *(millions of US Dollars)*				
Sustaining and other	**$ 7.6**	$ 7.4	**$ 30.8**	$ 31.8
Expansionary	**$ 0.3**	$ 1.1	**$ 0.8**	$ 1.1
Exploration	**$ 2.8**	$ 4.7	**$ 18.1**	$ 17.9

(i) A cautionary note regarding non-GAAP performance measures is included in *Section 11: Non-GAAP Performance Measures*.

El Peñón had its strongest quarterly operational performance from the last three years during the fourth quarter, as customary, with production higher than the comparative prior year period and the third quarter of 2019, due to higher gold and silver feed grades, exceeding the production plan. Mining gold grade of 4.86 g/t was in line with expectations, and El Peñón exceeded its annual production guidance. Feed grades during the quarter were primarily from mined ore, with lower reliance on low-grade stockpiles used in the second and third quarters. Similar to the strategy previously undertaken at Jacobina, additional mine development has greatly improved production flexibility, and the expectation is that during 2020, processed ore will be primarily from run of mine, with continued reduced reliance on low grade stockpiles.

Fourth quarter unitary costs were positively impacted by the higher GEO production, and the Chilean Peso devaluation, which resulted in lower costs of sales excluding DDA. In addition, cost saving initiatives undertaken by mine management have begun to positively impact costs with further sustainable reductions expected. With the ongoing focus to increase mine development rates, El Peñón now has access to expanded underground mine areas that has provided increased availability of higher gold and silver areas and is expected to support the current level of feed grades over the near term. Mine development is currently occurring at a rate that exceeds 3,000 meters per month, and costs have been favourably impacted.

Approximately 15,000 metres of drilling were completed at El Peñón during the fourth quarter of 2019, in line with the exploration plan. Drilling during the quarter focused on infill to establish new indicated resources, with 14,000 metres completed in four areas, including deep Orito, Sorpresa, Nueva Abundancia and Esmerelda Central. Approximately 900 metres of exploration drilling were completed to add new inferred resources by testing vein extensions along strike and to depth at Providencia Norte, Martillo Flat and Bonanza Este. The new structural model showing fault offsets of the Orito vein at depth has helped define new resources at depth in the Angelina sector, where new intercepts in this wide vein structure have added to the resource base in areas immediately adjacent to existing infrastructure. Similar interpretations are being tested in other parts of Orito as well as nearby veins (Sorpresa) in an effort to continue to delineate resources in wide, first order veins.

Additional work carried out at Penon during the fourth quarter includes exploration of the wider El Peñón district, with five targets (Tostado Su, Cerro Seco, Facel, Calcite Breccia and Bonanza East) being evaluated.

El Peñón has a long history of exploration and drill data, and the Company is currently exploring targets defined in part by GoldSpot Discoveries Inc. Artificial Intelligence ("AI") algorithms to best predict areas for drilling for mineralization. Targets, including targets generated through AI analyses, are defined by favorable lithological package (rhyolites), high white mica crystallinity and anomalous geochemical and geophysical signatures, and will be further investigated through drilling in 2020.

MINERA FLORIDA, CHILE

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

	For the three months ended December 31,		*For the year ended December 31,*	
Key Performance Information	**2019**	2018	**2019**	2018
Operating				
Ore mined (tonnes)	**187,559**	211,030	**715,288**	792,706
Ore processed (tonnes)	**204,138**	211,452	**745,671**	824,669
GEO				
Production	**20,080**	24,526	**73,617**	81,635
Sales	**19,696**	23,882	**74,705**	81,449
Feed grade (g/t) (i)	**3.34**	3.95	**3.32**	3.42
Recovery rate (%) (i)	**91.6**	90.9	**91.9**	90.5
Total cost of sales per GEO sold	**$ 1,450**	$ 1,164	**$ 1,423**	$ 1,398
Cash costs per GEO sold (ii)	**$ 1,005**	$ 731	**$ 945**	$ 917
AISC per GEO sold (ii)	**$ 1,411**	$ 1,129	**$ 1,346**	$ 1,327
DDA per GEO sold	**$ 445**	$ 433	**$ 478**	$ 481
Financial *(millions of US Dollars)*				
Revenue	**$ 29.2**	$ 29.3	**$ 103.8**	$ 102.6
Cost of sales excluding DDA	**(19.8)**	(17.5)	**(70.6)**	(74.7)
Gross margin excluding DDA	**$ 9.4**	$ 11.8	**$ 33.2**	$ 27.9
DDA	**(8.8)**	(10.3)	**(35.7)**	(39.2)
Impairment	**—**	(151.0)	**—**	(151.0)
Mine operating earnings (loss)	**$ 0.6**	$ (149.5)	**$ (2.5)**	$ (162.3)
Capital expenditures *(millions of US Dollars)*				
Sustaining and other	**$ 3.7**	$ 4.4	**$ 13.1**	$ 14.5
Expansionary	**$ 2.9**	$ 10.5	**$ 11.7**	$ 32.2
Exploration	**$ 2.3**	$ 3.9	**$ 9.5**	$ 14.0

(i) Grades and recovery rates relate to gold production.
(ii) A cautionary note regarding non-GAAP performance measures is included in *Section 11: Non-GAAP Performance Measures*.

In accordance with plan, Minera Florida had its strongest quarterly operational performance of the year during the fourth quarter, consistent with prior years. Production in the fourth quarter of 2019 was greater than prior quarter due to increased throughput, higher grades, and improved mechanical availability. Due to high equipment efficiency observed at El Peñón and Jacobina in recent quarters, both mines were able to transfer certain equipment to Minera Florida, removing the requirement for additional capital expenditures at the mine, improving mine productivity. In relation to mining sequence, the Company continued to shift production to the core mine to focus on exploration and development in the Agua Fria concessions, and prepare the PVS, Pataguas and Don Leopoldo veins for long-term success.

Unitary cost metrics were impacted by the lower production profile as a result of the lower grade and tonnes processed during the fourth quarter of 2019 compared to the same period in prior year. In addition, the deterioration of zinc spot prices and increase in market rates for treatment and refining charges negatively impacted costs of sales on an absolute basis as a result of lower by-product credits. However, higher production and cost management initiatives significantly improved costing during the fourth quarter of 2019, particularly in December. For the month of December 2019, cash costs per GEO sold were $892, and AISC per

GEO sold were $1,284. These initiatives are expected to produce better unitary metrics throughout 2020. Lower DDA per GEO sold resulted from the lower cost base subsequent to the $151.0 million impairment recorded in 2018.

At the processing plant, the previously discussed modest investment demonstrated initial improvements to the recovery rate and those improvements continue to be observed. Further studies suggest that with additional improvements to the leaching circuit, expected recovery rates could increase and reach up to 94%. Additionally, processing rates continue to benefit from mill optimization initiatives.

The focus for the year has been on exploration, and the goal to increase mineral reserves has been achieved. With the renewed confidence in exploration, the Company is evaluating additional capital investments on underground mobile fleet equipment to increase linear development and open new mining areas. Consequently, the Company is confident it will continue to add flexibility to the mine plan, and maintain the sustainable production profile of December 2019 throughout future periods.

Approximately 13,000 metres of drilling were completed at Minera Florida during the fourth quarter, in line with plan. Of this, approximately 4,000 metres of infill drilling was completed at five targets, including Fantasma, PVS, Lissette, Don Leopoldo and Patagua, dedicated to converting inferred mineral resources to measured and indicated. Better than expected results allowed some drilling metres to be reallocated from infill to exploration during the fourth quarter. Higher than LOM intercepts were encountered at all targets, including several high-grade intercepts from Lissette zone, corresponding to different satellite bodies of main Lissette vein. Three new exploitation levels were defined for this zone. Infill drilling completed in 2019 at Patagua and Don Leopoldo demonstrated continuity of high-grade mineralization, and generated new resources.

Exploration drilling included approximately 9,000 metres dedicated to the discovery of new inferred mineral sources, with seven targets tested including: Don Leopoldo Sur Este, Don Leopoldo Deep, Fantasma Deep, Fantasma Este-Caramelo, La Charra and Bandolera. The Bandolera results are significant, as they are defining a significant new ore shoot located west of the Maqui fault, a little explored area on the property.

New mineralized zones were outlined through surface exploration including trenching, mapping soil and rock sampling, leading to the definition new resource delineation targets. The results from 2019 support the concept of new targets and veins with higher then LOM grade demonstrating the continuing potential of the complex Minera Florida vein system.

CHAPADA, BRAZIL

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

As disclosed in Section 1: Highlights and Relevant Updates of this MD&A, the Company closed the sale of the Chapada mine in the third quarter of 2019. Consideration included an initial upfront cash payment of $800.0 million, a $100.0 million cash payment contingent on the development of a pyrite roaster at Chapada by Lundin, a 2% net smelter return royalty on the Suruca gold project in the Chapada complex, and the previously mentioned Gold Price Instrument.

5. CONSTRUCTION, DEVELOPMENT AND EXPLORATION

CONSTRUCTION AND DEVELOPMENT

The following highlights key updates during the fourth quarter of 2019 in respect to certain of the Company's development projects.

Canadian Malartic (50% interest), Canada

The Canadian Malartic Extension Project is continuing according to plan with contributions from Barnat beginning in late 2019, with a ramp-up throughout 2020 and meaningful contributions in 2021. On a 50% basis, expansionary capital expenditures related to the Canadian Malartic Extension Project were $9.7 million during the fourth quarter and $27.7 million during the year ended 2019, with an additional $24.3 million expected to be spent in 2020. The Highway 117 road deviation has been completed and opened to traffic, with the remaining extension work focused on overburden stripping and rock excavation, expected to be completed by the third quarter of 2020.

The Partnership is evaluating scenarios to optimize the project, which includes discussions with royalty holders and other stakeholders to enhance the economics of the project. Given the Company's robust pipeline of development projects, the Company does not currently anticipate approving the project for development unless these discussions are successful and the project economics are improved.

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 and Suyai, all of which have well-defined delineated mineral reserves and/or mineral resources. Notable progress relating to some of these initiatives includes, but is not limited to the following:

Agua Rica, Argentina

Agua Rica is a large-scale copper, gold, silver and molybdenum deposit located in the Catamarca Province, Argentina, 25 kilometres north of Andalgalá. The project has proven and probable mineral reserves of 11.8 billion pounds of copper and 7.4 million ounces of gold contained in 1.1 billion tonnes of ore. Mineral resources include 259,900 tonnes of measured and indicated mineral resources, containing more than 1.6 billion pounds of copper and 954,000 ounces of gold. Additionally, inferred mineral resources of 742,900 tonnes represent significant upside potential to further define an increase mineral reserves and life of mine.

On March 7, 2019, the Company announced the signing of an integration agreement with Glencore International AG and Newmont Corporation (the three parties collectively, "the Parties”). Pursuant to the integration agreement, the Agua Rica project would be developed and operated using the existing infrastructure and facilities of Minera Alumbrera Limited (“Alumbrera”) in the Catamarca Province of Argentina. The Company would own 56% of the integrated project.

The Parties believe the integration of the Agua Rica project and the Alumbrera mine (the “Integrated Project”) has significant merit given the proximity of the assets and the potential to realize significant synergies by taking full advantage of existing infrastructure associated with the Alumbrera mine for the development and operation of Agua Rica. Agua Rica hosts a large scale, long life copper mineral resource with associated gold, silver, and molybdenum while the Alumbrera infrastructure is of significant scale and configuration that is ideally suited for the integration plan.

The Parties established a Technical Committee to direct the advancement of the Integrated Project. The Committee oversaw the completion of a Pre-Feasibility Study ("PFS"), and the Company announced the positive PFS results on July 19, 2019, underscoring Agua Rica as a long life, low-cost project with robust economics and opportunities to realize further value, including converting economic-grade inferred mineral resources and expanding throughput scenarios aimed to increase metal production and returns, among other opportunities. The Integrated Project generates significant synergies by bringing together the extensive mineral resource of Agua Rica with the existing infrastructure of Alumbrera to create a unique, high quality and low risk brownfield project with an optimized environmental footprint that will bring significant value to shareholders and local communities and stakeholders.

The PFS highlights are:

- Proven and probable copper mineral reserves increased from year-end 2018 by 21% to 11.8 billion pounds and gold mineral reserves increased by 13% to 7.4 million ounces
- Initial long mine life of 28 years
- Annual production for the first 10 full years increased to 533 million pounds of copper equivalent[(i)] production
- Cash costs decreased to $1.29 per pound and all-in sustaining costs (“AISC”) decreased to $1.52 per pound for the first ten years of production
- Net present value (“NPV”) increased to $1.935 billion and an increased internal rate of return (“IRR”) of 19.7%[(ii)]
- Full feasibility study to be completed in 2020

(i) Copper equivalent metal includes copper with gold, molybdenum, and silver converted to copper-equivalent metal based on the following metal price assumptions: $6,614 per tonne of copper, $1,250 per ounce for gold, $24,250 per tonne for molybdenum, and $18.00 per ounce for silver.
(ii) Assuming metal prices of $3.00 per pound of copper, $1,300 per ounce of gold price, $18.00 per ounce of silver, $11.00 per pound of molybdenum and using an 8% discount rate.

The PFS for the Integrated Project considers the Agua Rica deposit mined via a conventional high tonnage truck and shovel open pit operation. Average life of mine material moved is expected to be approximately 108 million tonnes per year, with ore feed of 40 million tonnes per year and average life of mine strip ratio of 1.66.

Ore extracted from the mine will be transported from the open pit by truck to the primary crusher area and then transported via a conventional conveyor to the existing Alumbrera processing plant. To route the overland conveyor system, approximately 5.2 kilometres of tunnel development will be required. The conveyor extends 35 kilometres to the Alumbrera process plant, where it will feed the existing stacker conveyor via a new transfer station.

Relatively modest modifications to the circuit are needed to process the Agua Rica ore in order to produce copper and by-products concentrate, which will then be transported to the port for commercialization. An in-situ blending strategy has been defined to manage the concentrate quality over certain years of the mine life, which will allow the project to achieve the desired targets. Further optimizations to this strategy will be studied in the next design phase.

This PFS provides the framework for the preparation and submission of a new Environmental Impact Assessment ("EIA") to the authorities of the Catamarca Province and for the continued engagement with local stakeholders and communities. The Companies have begun the EIA process in 2019, given the level of significant detail in the pre-feasibility study.

Suyai, Argentina

The Company previously completed several studies that evaluated two options for ore processing, both of which provide favourable project economics. The first considered the construction of a 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, it 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 alternatives 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 a development ready project with significant financial and social benefits to the local community, along with the broader provincial and national communities. As and when the provincial moratorium on mining lapses and the Company has completed favourable engagement with the local community, the Company would expedite its development plans for the project.

Monument Bay, Canada

The Monument Bay deposit is hosted in the Stull Lake Greenstone Belt, comprised of three volcanic-sedimentary assemblages ranging in age from 2.85 to 2.71 billion years. Gold mineralization occurs along the steeply north-dipping, regional-scale Twin Lakes Shear Zone and the lesser-explored, adjacent AZ Shear Zone.

Exploration at the Monument Bay project in 2019 focused on development of a new geological model and definition of higher grade zones within the overall mineral envelope, to allow better resource modelling and to provide additional understanding of the controls on mineralization at the deposit. As well, a property wide exploration program was initiated utilizing a heli-portable overburden and top-of-bedrock RC drill rig, completed on a roughly 1 kilometer grid. A new resource model has been developed, which provides a better understanding of the controls on and distribution of gold mineralization at the deposit, and which will be utilized in 2020 to provide targets for further drilling. Evaluation of the remainder of the project, which has historically seen little exploration attention, will continue and be expanded during the 2020 field season, with additional, fill-in and step-out RC drilling. This newly applied exploration method opens up the remainder of the Monument Bay property to exploration and represents a significant step toward advancing this prospective land package. In 2020 this program will be augmented with evaluation of other exploration methods as warranted.

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 sulphide 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, where early-stage targets have been identified. Re-logging of historical holes and exploratory drilling done supported the potential to extend the oxide mineralization as well as potential for copper/gold deposits within the joint venture claims. Agua De La Falda has processing capacity and infrastructure already installed.

EXPLORATION

Exploration on the most prospective properties is a key to unlocking and creating value for shareholders. The 2019 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 as well as several joint venture opportunities.

The Company continues its exploration programs at existing operations. The Company increased its exploration spending in the third quarter by approximately $10.0 million, with a goal of further building mineral reserves and mineral resources at key operations as well as building a pipeline of exploration opportunities to ensure future growth. Exploration plans are focused on extending mine life at Cerro Moro, El Peñón and Minera Florida, while increasing grade, mineral resources and mine life at Jacobina and Canadian Malartic to allow increases in production at low costs. Over the course of the year, exploration spending at Jacobina was allocated to support the planned expansion, and the program added new mineral reserves at a grade of 3.0 g/t or better.

For exploration updates relating to operating mines during the quarter, refer to *Section 4: Operating Segments Performance*. 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 year ended December 31,	
(In millions of US Dollars)	**2019**	2018	**2019**	2018
Exploration and evaluation capitalized (i)	**$ 13.9**	$ 18.5	**$ 60.4**	$ 75.4
Exploration and evaluation expensed (ii)	**3.3**	3.6	**10.3**	13.0
Total exploration and evaluation expenditures	**$ 17.2**	$ 22.1	**$ 70.7**	$ 88.4

(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.

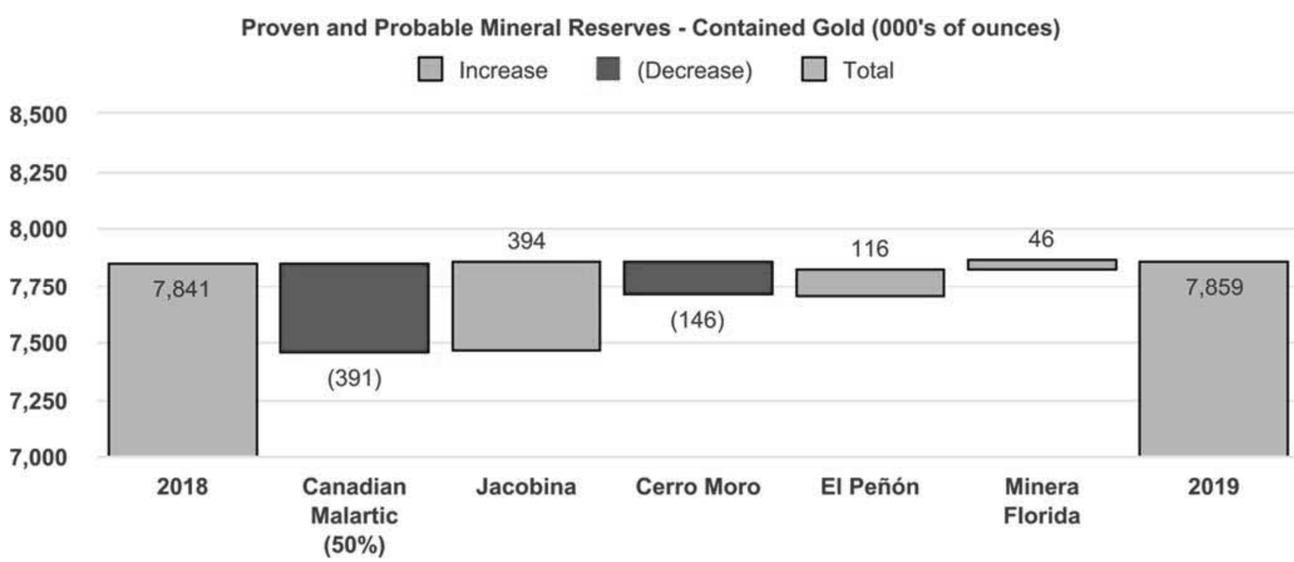
6. MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

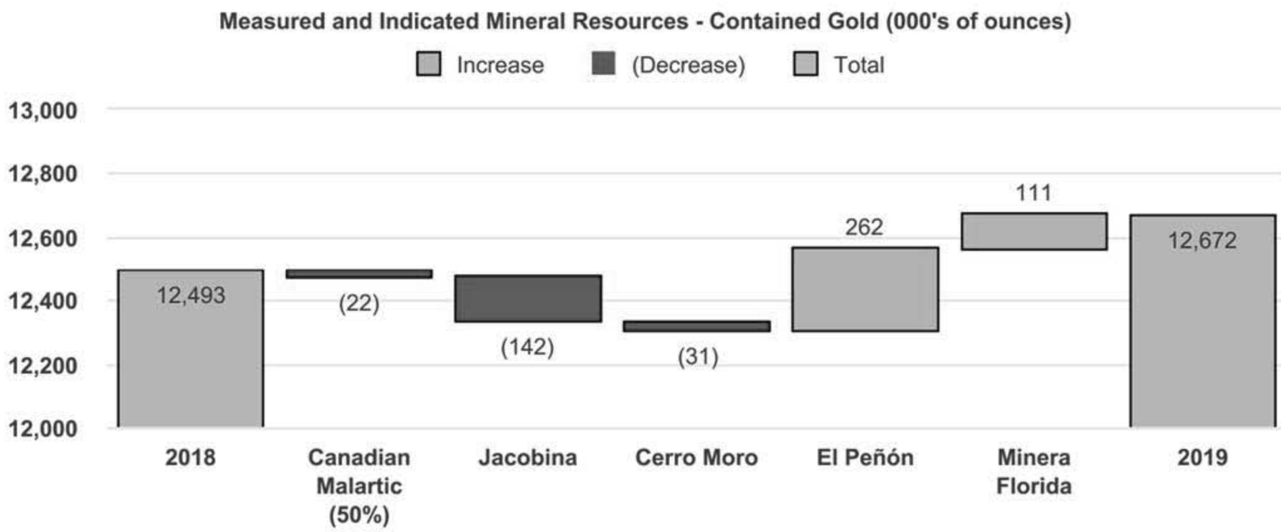
Mineral reserves and mineral resources are determined in accordance with National Instrument 43-101- Standards of Disclosure for Mineral Projects, issued by the Canadian Securities Administrators ("NI 43-101"). NI 43-101 sets out the standards of disclosure for mineral projects including rules relating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

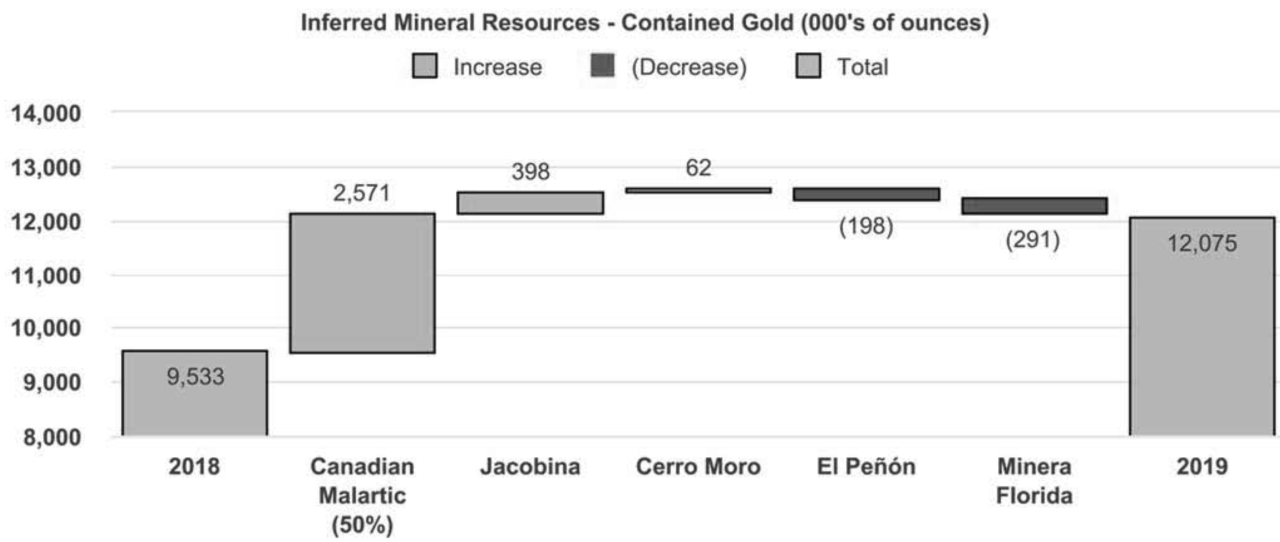
For details, refer to the mineral reserve and mineral resource tables contained in the Company's 2019 annual report.

For mineral reserve estimation purposes, the gold price assumption for Yamana Mines of $1,250 is the same assumption used for the past three years, with the exception of Canadian Malartic which uses $1,200. The Company believes that increases in mineral reserves as result of exploration and drilling are a more meaningful representation of an ore body rather than the reporting of additional mineral reserves resulting from an increase in mineral reserve estimation gold prices.

The Company's mineral reserves and mineral resources as at December 31, 2019 are summarized in the following tables. The following waterfall graphs exclude the Company's interests in Alumbrera, Agua Rica, Leagold, as well as Chapada from the December 31, 2018 totals. 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 2019 annual report available on the Company's website, www.yamana.com.




Measured and Indicated Mineral Resources - Contained Gold (000's of ounces)
Increase
(Decrease)
Total
13,000
12,800
12,600
12,400
12,200
12,000
12,493
(22)
(142)
(31)
262
111
12,672
2018
Canadian Malartic (50%)
Jacobina
Cerro Moro
El Peñón
Minera Florida
2019


Inferred Mineral Resources - Contained Gold (000's of ounces)
Increase
(Decrease)
Total
14,000
13,000
12,000
11,000
10,000
9,000
8,000
9,533
2,571
398
62
(198)
(291)
12,075
2018
Canadian Malartic (50%)
Jacobina
Cerro Moro
El Peñón
Minera Florida
2019

Mineral Reserves & Mineral Resources Estimates (i)(ii)	Contained Gold (in 000's ounces)		Contained Silver (in 000's ounces)		Contained Copper (in million pounds)	
Proven & probable mineral reserves	**2019**	2018	**2019**	2018	**2019**	2018
Canadian Malartic (50%)	**2,389**	2,780	**—**	—	**—**	—
Jacobina	**2,493**	2,099	**—**	—	**—**	—
Cerro Moro	**529**	675	**30,461**	37,959	**—**	—
El Peñón	**916**	800	**30,238**	24,893	**—**	—
Minera Florida	**450**	404	**3,125**	2,976	**—**	—
Jeronimo (57%)	**1,082**	1,082	**—**	—	**—**	—
Total proven & probable mineral reserves	**7,859**	7,841	**63,824**	65,828	**—**	—
Agua Rica proven & probable mineral reserves*	**7,382**	6,559	**100,781**	102,246	**11,829**	9,790
Alumbrera (12.5%) proven & probable mineral reserves*	**109**	109	**—**	—	**77**	77
*An agreement has been signed by Agua Rica, which is owned by Yamana Gold, and the owners of Alumbrera that would see the integration of the two projects.						
Measured & indicated mineral resources						
Canadian Malartic (50%)	**847**	869	**—**	—	**—**	—
Jacobina	**3,090**	3,232	**—**	—	**—**	—
Cerro Moro	**177**	208	**13,809**	15,704	**—**	—
El Peñón	**658**	396	**21,911**	12,904	**—**	—
Minera Florida	**928**	817	**5,389**	5,186	**—**	—
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	**12,672**	12,493	**44,632**	37,317	**—**	—
Agua Rica measured & indicated mineral resources	**954**	896	**15,008**	18,200	**1,624**	1,714
Alumbrera (12.5%) measured & indicated mineral resources	**107**	118	**—**	—	**58**	65
Inferred mineral resources						
Canadian Malartic (50%)	**4,890**	2,319	**—**	—	**—**	—
Jacobina	**1,406**	1,008	**—**	—	**—**	—
Cerro Moro	**273**	211	**15,542**	14,139	**—**	—
El Peñón	**735**	933	**25,786**	32,570	**—**	—
Minera Florida	**747**	1,038	**3,517**	6,093	**—**	—
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	**12,075**	9,533	**45,421**	53,377	**—**	—
Agua Rica inferred mineral resources	**2,150**	2,444	**38,693**	48,124	**3,767**	4,853
Alumbrera (12.5%) inferred mineral resources	**13**	13	**—**	—	**4**	4

(i) Table excludes assets sold in 2019, and the Company's interests in Leagold.

(ii) The assumptions used for mineral reserve and mineral resource estimates as at December 31, 2019 for all operating mines reported in this MD&A (except the Canadian Malartic mine) were $1,250 per ounce gold, $18.00 per ounce silver, and $1.25 per pound of zinc. The Canadian Malartic mine mineral reserve and mineral resource estimates use $1,200 per ounce of gold. The Monument Bay project mineral resource estimates use $1,200 per ounce of gold. The Agua Rica project mineral reserve estimates use $1,250 per ounce of gold, $18.00 per ounce of silver, $11.00 per pound of molybdenum, and $3.00 per pound of copper. The Agua Rica project mineral resource estimates use $1,600 per ounce of gold, $24.00 per ounce of silver, $11.00 per pound molybdenum, and $4.00 per pound of copper. The La Pepa project mineral resource estimates use $780 per ounce of gold. The Jeronimo project mineral reserve and mineral resource estimates use $900 per ounce of gold. The Lavra Velha project mineral resource estimates use $1,300 per ounce of gold, and $3.50 per pound of copper. The Arco Sul project mineral resource estimates use $1,500 per ounce of gold. The Suyai project mineral resource estimates use a 5.0 g/t of gold assumption. The Alumbrera project mineral reserve and resource estimates use $1,250 per ounce of gold and $2.91 and $2.95 per pound of copper for mineral reserve and mineral resource estimates, respectively.

Further information by mine is detailed below.

Canadian Malartic including Odyssey, Canada (50%)

Gold mineral reserves reflect depletion associated with 2019 production at Canadian Malartic. The objective of the 2019 exploration program at Canadian Malartic was to define and increase underground mineral resources, with a focus on Odyssey, East Malartic, and the newly discovered East Gouldie zone. The drilling performed, particularly at East Malartic and East Gouldie, resulted in a 111% increase in inferred mineral resources. At East Malartic, mineral resources below 1,000 metres in depth were reported for the first time. At East Gouldie, inferred mineral resources are relatively high grade at 3.34 g/t diluted. On a 100% basis, the overall underground project has increased by more than 5,000,000 ounces of inferred mineral resources, significantly improving the economic potential of the project. Additional exploration in these areas is planned for 2020.

Jacobina, Brazil

Jacobina increased gold mineral reserves by 19% over and above 2019 production depletion, based on updated models from Morro do Vento, João Belo, Canavieiras South, Canavieiras Central and Serra do Córrego mines. The conversion of measured and indicated mineral resources to mineral reserves is partially responsible for a modest decrease in gold measured and indicated mineral resources. Inferred mineral resources increased by 398,000 ounces of gold, a 39% increase from year end 2018.

During the year, the Company announced increases to mineral reserves and mineral reserve grades at Jacobina of 8.6% and 2.6%, respectively, versus year-end 2018. This movement was in addition to overall mineral reserve grade growth in 2018, which when combined with the mid-year update, represented a 5.3% increase from year-end 2017.

With continued improvements to the sustainable cost structure and development productivity at the mine, Jacobina was able to incorporate ore previously categorized as mineral resources in the mineral reserve category. The conclusion to include lower grade supplemental ore, encountered as a halo to the core mineral reserves, had the impact of slightly decreasing total mineral reserve grade but significantly increasing economical mineral reserve ounces. This supplemental ore halo has been effectively and profitably mined over the past few quarters. The updated mineral reserves of the Company comprise:

- 29.17 million tonnes at a grade of 2.40 g/t in the core zone, for a total of 2.25 million ounces
- 5.01 million tonnes at a grade of 1.53 g/t in the supplemental halo zone, for a total of 246 thousand ounces
- For a total mineral reserve of 34.18 million tonnes at a grade of 2.27 g/t, for a total of 2.49 million ounces

The Company's mine plan prioritizes the mining of the core mineral reserves with a grade of 2.40 grams per tonne, and defers the majority of the mining and processing of the supplemental halo mineral reserves until late in the mine life. The observed increase in mineral reserves and mineral reserves grade during the mid-year and year-end update supports annual gold production above 170,000 ounces, which was previously guided as the target after the completion in mid-2020 of Phase 1, a modest plant optimization with a sustainable level of 6,500 tonnes per day ("tpd").

Cerro Moro, Argentina

At Cerro Moro, mineral reserves changed due to 2019 depletion, and, given the Company's expanded experience with mining Cerro Moro ore bodies over the past year and a half, the Company was able to further refine its geological understanding and incorporate that understanding into the geological model, improving model predictability. Inferred mineral resources increased by 29% and 10% for gold and silver, respectively, compared to the prior year, from the addition of promising new structures. The main increases came from the new Naty discovery, and Agostina. Naty is a recent discovery, made late last year, and exploration is expected to continue to expand this mineralized zone. The structures of Naty, Michelle Extension, Martina, Tres Lomas, Deborah Link and other zones are expected to undergo further drilling in 2020, as part of the aggressive exploration budget allocation to the mine.

El Peñón, Chile

El Peñón's mineral reserves both replaced 2019 depletion and further increased such mineral reserves by 15% and 21% for gold and silver, respectively, as the result of positive infill drilling and mine design optimization. Gold measured and indicated mineral resources increased by 66%, while silver increased by 70% compared to the prior year, due to the positive exploration results from numerous secondary vein structures in the east mine and adjustments to the mineral resource classification criteria. Lower gold and silver inferred mineral resources reflect the conversion to indicated mineral resources.

Minera Florida, Chile

At Minera Florida, the increase in mineral reserves reflects an increase due to positive drilling results at Pataguas, Don Leopoldo, Fantasma and PVO Sur, amongst others, and block model revisions. These increases were partially offset by mine depletion. Mineral resources remained relatively unchanged as infill drilling resulted in conversion from inferred mineral resources to measured and indicated mineral resources. Other changes to calculation parameters also had the impact of modestly decreasing inferred mineral resources, which was partially offset by new discoveries.

Agua Rica, Argentina

At Agua Rica, proven and probable gold mineral reserves increased by 13% to 7.4 million ounces, while proven and probable copper mineral reserves increased from year end 2018 by 21% to 11.8 billion pounds. Mineral resources decreased marginally on the conversion of ounces to mineral reserves.

7. FINANCIAL CONDITION AND LIQUIDITY

BALANCE SHEET REVIEW

As at, (In millions of US Dollars)		**December 31, 2019**		December 31, 2018
Cash and cash equivalents	**$**	**158.8**	$	98.5
Current assets (including cash and cash equivalents)		**401.6**		429.2
Non-current assets		**6,715.6**		7,583.7
Total assets	**$**	**7,117.2**	$	8,012.9
Current liabilities (excluding current portion of debt)		**352.2**		494.5
Non-current liabilities (excluding long-term debt)		**1,497.5**		1,735.7
Debt (current and long-term)		**1,047.9**		1,758.7
Total liabilities	**$**	**2,897.5**	$	3,988.9
Equity attributable to Yamana Gold Inc. equity holders		**4,185.2**		3,989.3
Non-controlling interests		**34.7**		34.7
Total equity	**$**	**4,219.9**	$	4,024.0
Working capital (i)	**$**	**(6.7)**	$	(67.2)
Net debt (ii)	**$**	**889.1**	$	1,660.2

(i) Working capital is defined as the excess of current assets over current liabilities, which includes the current portion of debt.
(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 Performance Measures*.

Total assets were $7.1 billion as at December 31, 2019, compared to total assets of $8.0 billion as at December 31, 2018. The decrease in the assets during the year was primarily attributable to the sale of the Chapada mine on July 5, 2019, which included $0.9 billion of assets. 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, the Company's investment in associate (Leagold), indirect taxes recoverable (consisting of value added taxes in the jurisdictions in which the Company operates), advances and deposits, ore stockpiles, and cash and cash equivalents.

Total liabilities as at December 31, 2019, were $2.9 billion, a decrease of $1.1 billion or 27% from December 31, 2018. The decrease during this period was attributable to the disposal of $0.3 billion of liabilities in the Chapada sale, and the repayment of $0.8 billion of debt with cash proceeds received from the sale, as previously announced.

Cash and cash equivalents were $158.8 million as at December 31, 2019, an increase of $60.3 million when compared to December 31, 2018. The Company had a working capital deficit of $6.7 million as at December 31, 2019, compared to a working capital deficit of $67.2 million at December 31, 2018.

Net change in working capital movement was a cash outflow of $68.7 million for the year ended December 31, 2019. Working capital was impacted predominantly by the timing and normalization of regular trade payments for the Company's operating mines, the buildup and settlement of year-end accruals, timing of inventory build-up and consumption in both metals and materials and supplies and lastly, the movements associated with indirect tax credit buildup or collection at certain of the Company's operations.

Fourth quarter working capital movement was positively impacted by the timing of receipt of certain invoices throughout several of the Company's operations, for a total of approximately $21.0 million. The late receipt of invoices caused payable balances to increase above those levels that are considered customary. The Company anticipates that this seasonal buildup of payable balances will partly normalize in the first quarter of 2020.

Total debt was $1.0 billion as at December 31, 2019, compared to $1.8 billion as at December 31, 2018, and net debt as at December 31, 2019, was $0.9 billion compared to $1.7 billion as at December 31, 2018 - the decrease attributable to the repayment of $0.8 billion debt with cash proceeds received from the sale of the Chapada mine as discussed above.

Net debt decreased by $771.1 million during the year to $889.1 million. On August 7, 2019 the Company concluded the announced debt repurchases, and successfully completed the retirement of $800.0 million of debt. This debt retirement was completed ahead of schedule, thereby providing a catalyst for further debt reduction from interest savings and free cash flow generation. The Company also repaid outstanding balances on its revolving credit facility and therefore, now has considerable financial flexibility to pursue its corporate objectives, which include improving returns to shareholders. Further, the Company is well positioned to achieve its target net debt leverage ratio of below 1.0x, now expecting this sooner than 2021 as originally planned.

The potential monetization of various non-producing projects and financial instruments will provide further opportunities to reduce debt levels and leverage. The Company recognizes that there is significant value in such assets which would be more than the total amount of outstanding debt, and along with cash flows, the Company has more than sufficient resources to further reduce outstanding debt, thereby further improving financial flexibility and providing more opportunity for enhanced value and returns for shareholders. The scheduled debt repayments of $56.2 million in the first quarter of 2020 are expected to be repaid from cash on hand and available liquidity.

LIQUIDITY

Planned growth, development activities, expenditures 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, 2019, the financial resources available to the Company for meeting its financial obligations include $750.0 million from its revolving credit facility.

For the year ended December 31, 2019, cash flows from operating activities were $521.9 million net of the impact of the $79.4 million deferred revenue recognized in respect of metal sales agreements. Cash flows from operating activities are expected to remain positive. Refer to *Section 8: Economic Trends, Business Risks and Uncertainties* 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 $56.2 million, capital and other financial commitments of $57.8 million, and sustaining capital expenditures of approximately $164.0 million for 2020. The Company's budgets for expansionary and exploration capital expenditures are discretionary in nature, allowing management a reasonable degree of flexibility in managing its financial resources. Further information with regards to planned capital expenditures can be found in the *Section 2: Core Business, Strategy and Outlook,* and commitments by year can be found below.

The Company's financial position remains strong and is expected to improve further over the next year with the continuation of robust operating results.

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 year ended December 31,*	
(In millions of US Dollars)	**2019**	2018	**2019**	2018
Cash flows from operating activities	**$ 201.7**	$ 114.7	**$ 521.8**	$ 404.2
Cash flows from operating activities before net change in working capital (i)	**$ 176.6**	$ 115.8	**$ 590.5**	$ 566.3
Cash flows (used in) from investing activities	**$ (96.4)**	$ (91.4)	**$ 432.0**	$ (329.6)
Cash flows used in financing activities	**$ (46.9)**	$ (49.3)	**$ (892.5)**	$ (134.3)

(i) A cautionary note regarding non-GAAP performance measures is included in *Section 11: Non-GAAP Performance Measures*.

Operating Activities

Net cash flows from operating activities for the three months ended December 31, 2019 were higher than the comparable period in 2018 primarily as a result of higher gross margins recognized as a result of increased metal prices.

The increase in net cash flows from operating activities for the year ended December 31, 2019 compared to the prior year is attributable to higher gross margins recognized as a result of increased metal prices in the latter part of 2019 as noted above, and the absence of cash payments to Brazilian tax authorities, which totaled $101.3 million in the prior year. These items were partially offset by the absence in the current period of advanced payments received on metal purchase agreements of $127.8 million.

Investing Activities

Overall, net cash flows used in investing activities for the three months ended December 31, 2019 were comparable to the same period in 2018. However, the current period reflected lower gross capital expenditures, with higher gross capital expenditures in the comparative quarter being partially offset by the net cash inflow of $28.5 million on the sale of the Gualcamayo mine in December 2018.

The $761.6 million increase in net cash flows from investing activities for the year ended December 31, 2019 compared to 2018 was primarily attributable to the cash proceeds received on the sale of the Chapada mine and monetization of the Gold Price instrument, as well as a decrease in capital expenditures of approximately $115.0 million, due to the fact that the prior period included expenditures related to the completion of Cerro Moro, Gualcamayo, and a full year of expenditures related to Chapada. Also included in investing activities in 2018 was a $189.9 million net cash inflow from the sale of certain subsidiaries and other assets during the year.

The gain on sale of Chapada in the current year was impacted by the final settlement associated with the working capital delivery of $33.0 million on the sale, as anticipated, which decreased cash flows from investing activities.

Details on capital expenditures by mine for each period can be found in *Section 1: Highlights and Relevant Updates*.

Financing Activities

In the three months ended December 31, 2019, net cash flows used in financing activities decreased $2.4 million when compared to the comparative quarter, primarily attributable to lower interest and debt repayments during the quarter (following the debt repayments during the third quarter - see below), partially offset by an increase in dividend payments resulting from the 100% increase in the dividend declared for the third quarter, and the inclusion of the repayment of lease liabilities in 2019, resulting from the adoption of IFRS 16 *Leases* on January 1, 2019. Refer *Note 5: Recent Accounting Pronouncements* to the Company's consolidated financial statements for further information.

In the year ended December 31, 2019, net cash flows used in financing activities were primarily impacted by the repayment of debt in the third quarter following the sale of the Chapada mine, including the total outstanding balance on the revolving credit facility and approximately $415.0 million of certain of the Company's outstanding senior notes. Net debt repayments in the comparable year were only $26.5 million. Net cash flows used in financing activities also included payments of interest and dividends in both years, and the repayment of lease liabilities in 2019 (see above).

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, 2019**	December 31, 2018
Shareholders' equity	**$ 4,219.9**	$ 4,024.0
Debt	**1,047.9**	1,758.7
	5,267.8	5,782.7
Less: Cash and cash equivalents	**(158.8)**	(98.5)
	$ 5,109.0	$ 5,684.2

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, 2019, including the impact of IFRS 16 in capital and other financial commitments, 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	$ 56.2	$ 190.7	$ 528.3	$ 282.9	$ 1,058.0
Interest	48.4	88.7	51.1	38.7	227.0
Capital and other financial commitments	57.8	33.3	5.5	1.6	98.2
Environmental rehabilitation obligations	5.9	18.4	18.7	333.9	376.9
	$ 168.3	**$ 331.1**	**$ 603.6**	**$ 657.1**	**$ 1,760.1**

(i) Additionally, as at December 31, 2019, the Company had outstanding letters of credit totalling $70.1 million (C$91.1 million) representing guarantees for environmental rehabilitation 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. Under the Company's normal course issuer bid, the Company is able to purchase up to 47,513,266 common shares no later than May 5, 2020. The table below summarizes the Company's common shares and securities convertible into common shares as at the following dates:

As at, (thousands of units)	February 7, 2020	December 31, 2019
Common shares issued and outstanding	**950,607**	**950,435**
Share options outstanding	**1,164**	**1,286**
Restricted share units	**2,985**	**2,448**

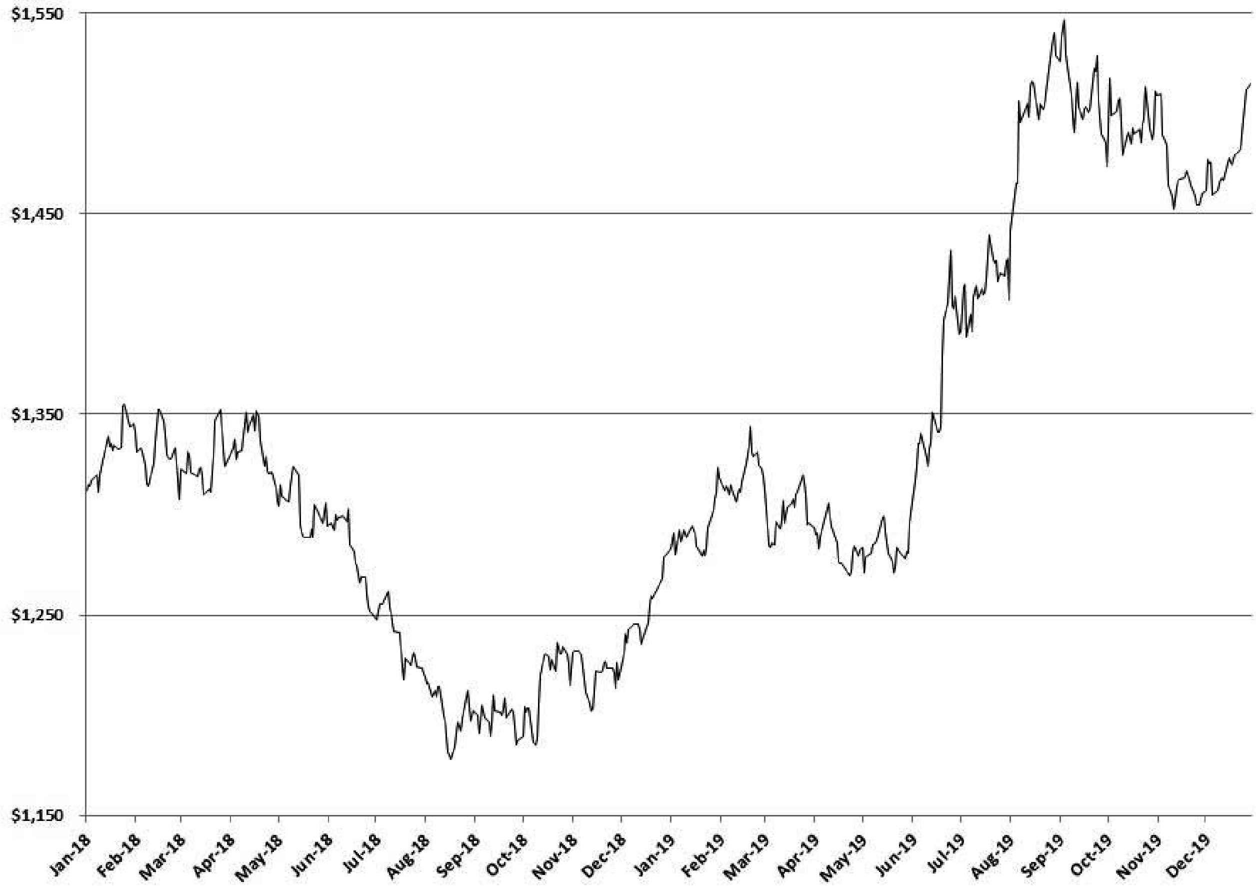
8. ECONOMIC TRENDS, BUSINESS RISKS AND UNCERTAINTIES

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. The Company manages its exposure to these risks in accordance with its Risk Management Policy.

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

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



Gold Price - Market Update

For the quarter ended December 31, 2019, spot gold prices averaged $1,480 per ounce, representing an increase of 21% compared to $1,226 per ounce in the fourth quarter of 2018. Prices ranged between $1,452 and $1,517 per ounce during the fourth quarter of 2019. As at December 31, 2019, the closing price was $1,515 per ounce.

Gold prices moved higher in the fourth quarter of 2019. Lower rates across the globe, along with continued trade concerns between the US and China and growing levels of negative yielding debt globally continue to support prices. Easing monetary policies combined with many governments facing challenging fiscal situations and elevated levels of debt, should be supportive of gold over the longer term. 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, equity market volatility, developments on global trade and geopolitical concerns.

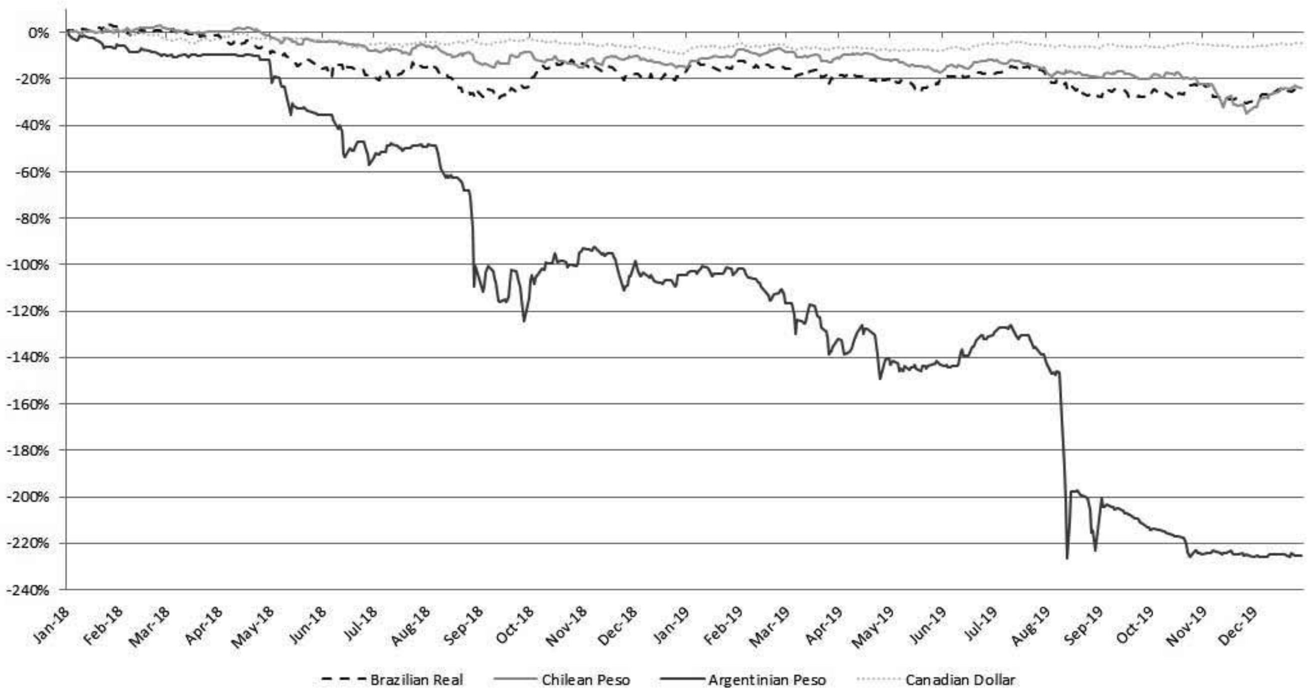
Central banks continue to be net buyers, with 2019 being the second largest year of purchases this decade. Russia, Turkey, Poland, and China are notable buyers. It is expected that central banks will continue to be net buyers for the foreseeable future as diversification remains key in order to mitigate risk from ongoing geopolitical and economic uncertainty.

CURRENCY RISK

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

US Dollar - Market Update

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



The Brazilian Real, Argentine Peso and the Chilean Peso all weakened against the US Dollar during the three months ended December 31, 2019, while the Canadian Dollar strengthened modestly.

	Average Exchange Rate						Period-end Exchange Rate		
	For the three months ended December 31,			*For the year ended December 31,*			*As at December 31,*	*As at December 31,*	
	2019	2018	**% (i)**	**2019**	2018	**% (i)**	**2019**	2018	**% (i)**
USD-CAD	**1.3200**	1.3216	-0.1 %	**1.3269**	1.2961	2.4%	**1.2988**	1.3637	-4.8 %
USD-BRL	**4.1173**	3.8112	8.0 %	**3.9451**	3.6550	7.9%	**4.0307**	3.8745	4.0 %
USD-ARG	**59.387**	37.112	60.0 %	**48.2446**	30.7165	57.1%	**59.890**	37.668	59.0 %
USD-CLP	**755.98**	680.55	11.1 %	**703.25**	654.63	7.4%	**748.74**	693.60	7.9 %

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

As at December 31, 2019, 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 2020 to December 2020	**R$ 3.87**	**R$ 4.36**	**R$ 192.9 million**
January 2021 to June 2021	**R$ 3.85**	**R$ 4.31**	**R$ 93.0 million**

(i) R$ = Brazilian Reais.
(ii) Evenly split by month.

In addition, as at December 31, 2019, the Company had forward contracts as follows:

	Average forward price (i)	Total (ii)
Brazilian Real to USD		
January 2020 to December 2020	**R$ 4.06**	**R$ 133.2 million**
January 2021 to June 2021	**R$ 4.07**	**R$ 93.0 million**
Chilean Peso to USD		
January 2020 to December 2020	**CLP 740.19**	**CLP 69.6 billion**

(i) R$ = Brazilian Reais, CLP = Chilean Pesos.
(ii) Evenly split by month.

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 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 of 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. The Company did not have any interest rate swaps as at December 31, 2019.

9. CONTINGENCIES

The Company is currently subject to litigation proceedings as disclosed in *Note 35* 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

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* and *Note 5*, respectively, to the Company's consolidated financial statements for the year ended December 31, 2019.

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, 2019 are disclosed in *Note 4* to the Company's consolidated financial statements for the year ended December 31, 2019.

11. NON-GAAP PERFORMANCE MEASURES

The Company has included certain non-GAAP performance measures to supplement its consolidated financial statements that are presented in accordance with IFRS, including the following:

- *Cash costs per GEO sold;*
- *All-in sustaining costs per GEO sold;*
- *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. Subtotals and per unit measures may not calculate based on amounts presented in the following tables due to rounding.

GEO PRODUCTION AND SALES

Production and sales of silver are treated as a gold equivalent in determining a combined precious metal production or sales 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 GEO production and sales calculations are based on an average realized gold to silver price ratio for the relevant period.

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.

The measure of cash costs and all-in sustaining costs ("AISC"), 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 "cash costs per GEO sold" and "AISC per GEO sold" 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 are not necessarily indicative of operating costs, operating profit or cash flows presented under IFRS.

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 its underlying Cash costs of operations. Cash costs are computed on a weighted average basis as follows:

- **Cash costs per GEO sold** - The total costs used as the numerator of the unitary calculation represent cost of sales excluding DDA, net of treatment and refining charges. The attributable cost 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 GEO sold, thereby allowing the Company's management and stakeholders to assess net costs of precious metal sales. These costs are then divided by GEO sold.

AISC figures are calculated in accordance with a standard developed by the World Gold Council ("WGC") (a non-regulatory, market development organization for the gold industry). Adoption of the standard is voluntary, and the standard is an attempt to create uniformity and a standard amongst the industry and those that adopt it. Nonetheless, the cost measures presented herein may not be comparable to other similarly titled measures of other companies.

AISC seeks to represent total sustaining expenditures of producing and selling GEO from current operations. The total costs used as the numerator of the unitary calculation represent cash costs (as defined above), and includes cost components of mine sustaining capital expenditures including stripping and underground mine development, corporate and mine-site general and administrative expense, sustaining mine-site exploration and evaluation expensed and capitalized and accretion and amortization of reclamation and remediation. AISC do not include capital expenditures attributable to projects or mine expansions, exploration and evaluation costs attributable to growth projects, income tax payments, borrowing costs and dividend payments. Consequently, this measure is not representative of all of the Company's cash expenditures. In addition, the calculation of AISC does not include depletion, depreciation and amortization expense as it does not reflect the impact of expenditures incurred in prior periods. AISC are computed on a weighted average basis as follows:

- **AISC per GEO sold** - reflect allocations of the aforementioned cost components on the basis that is consistent with the nature of each of the cost component to the GEO production and sales activities but net of by-product revenue credits from sales of copper and zinc.

Reconciliation of Cost of Sales to Cash Costs and AISC

Cash Costs & AISC (i) - Yamana Mines (iii) Reconciliation	For the three months ended December 31, 2019			For the three months ended December 31, 2018		
(In millions of US Dollars except GEO and per GEO amounts)	**Total**	**GEO - Yamana Mines**	**Other Mines and Copper**	Total	GEO - Yamana Mines	Other Mines and Copper
Cost of sales excluding DDA (ii)	**$ 169.4**	**$ 169.1**	**$ 0.3**	$ 266.2	$ 172.3	$ 93.9
DDA (ii)	**119.0**	**119.0**	**—**	130.9	118.1	12.7
Total cost of sales	**$ 288.4**	**$ 288.0**	**$ 0.3**	$ 397.1	$ 290.5	$ 106.6
DDA		**(119.0)**			(118.1)	
Total cash costs		**$ 169.1**			$ 172.3	
AISC adjustments:						
Corporate or regional G&A costs, including share-based remuneration		**20.2**			17.4	
Reclamation & remediation - accretion & amortization		**5.3**			3.8	
Capital exploration		**11.7**			13.7	
Exploration and study costs		**1.9**			1.7	
Capitalized stripping & underground mine development		**22.7**			18.2	
Other sustaining capital expenditures		**23.9**			20.7	
Leases (IFRS 16 Adjustment)		**6.1**			—	
Total AISC		**$ 260.8**			$ 247.8	
Commercial GEO (i)		**257,904**			263,850	
Cost of sales excl. DDA per GEO sold		**$ 656**			$ 653	
DDA per GEO sold		**$ 461**			$ 448	
Total cost of sales per GEO sold		**$ 1,117**			$ 1,101	
Cash cost per GEO sold		**$ 656**			$ 653	
AISC per GEO sold		**$ 1,011**			$ 939	

Cash Costs & AISC (i) - Total Yamana (iv) Reconciliation	For the year ended December 31, 2019			For the three months ended December 31, 2018		
(In millions of US Dollars except GEO and per GEO amounts)	**Total**	**GEO - Total Yamana**	**Other Mines and Copper**	Total	GEO - Total Yamana	Other Mines and Copper
Cost of sales excluding DDA (ii)	**$ 169.4**	**$ 169.2**	**$ 0.2**	$ 266.2	$ 210.0	$ 56.2
DDA (ii)	**119.0**	**119.0**	**—**	130.9	120.6	10.3
Total cost of sales	**$ 288.4**	**$ 288.1**	**$ 0.2**	$ 397.1	$ 330.6	$ 66.5
DDA		**(119.0)**			(120.6)	
Treatment and refining charges		**—**			1.5	
Total cash costs		**$ 169.2**			$ 211.5	
AISC adjustments:						
Corporate or regional G&A costs, including share-based remuneration		**20.2**			18.0	
Reclamation & remediation - accretion & amortization		**5.3**			4.6	
Capital exploration		**11.7**			16.0	
Exploration and study costs		**1.9**			2.0	
Capitalized stripping & underground mine development		**22.7**			21.4	
Other sustaining capital expenditures		**23.9**			23.2	
Leases (IFRS 16 Adjustment)		**6.1**			—	
Total AISC		**$ 260.9**			$ 296.6	
Commercial GEO (i)		**257,743**			321,948	
Cost of sales excl. DDA per GEO sold		**$ 656**			$ 652	
DDA per GEO sold		**$ 462**			$ 375	
Total cost of sales per GEO sold		**$ 1,118**			$ 1,027	
Cash cost per GEO sold		**$ 656**			$ 657	
AISC per GEO sold		**$ 1,012**			$ 921	

Cash Costs & AISC (i) - Yamana Mines (iii) Reconciliation	For the year ended December 31, 2019			For the year ended December 31, 2018		
(In millions of US Dollars except GEO and per GEO amounts)	Total	GEO - Yamana Mines	Other Mines and Copper	Total	GEO - Yamana Mines	Other Mines and Copper
Cost of sales excluding DDA (ii)	**$ 782.8**	**$ 671.7**	**$ 111.1**	$ 1,010.0	$ 607.9	$ 402.1
DDA (ii)	**471.7**	**458.8**	**12.9**	438.3	366.8	71.5
Total cost of sales	**$ 1,254.4**	**$ 1,130.5**	**$ 124.0**	$ 1,448.3	$ 974.7	$ 473.6
DDA		**(458.8)**			(366.8)	
Treatment and refining charges		**0.7**			—	
Total cash costs		**$ 672.4**			$ 607.9	
AISC adjustments:						
Corporate or regional G&A costs, including share-based remuneration		**77.2**			67.4	
Reclamation & remediation - accretion & amortization		**22.6**			14.8	
Capital exploration		**50.8**			48.2	
Exploration and study costs		**5.1**			7.4	
Capitalized stripping & underground mine development		**86.3**			77.6	
Other sustaining capital expenditures		**55.2**			53.8	
Leases (IFRS 16 Adjustment)		19.9			—	
Total AISC		**$ 989.3**			$ 877.1	
Commercial GEO (i)		**990,005**			879,084	
Cost of sales excl. DDA per GEO sold		**$ 678**			$ 692	
DDA per GEO sold		**$ 463**			$ 417	
Total cost of sales per GEO sold		**$ 1,142**			$ 1,109	
Cash costs per GEO sold		**$ 679**			$ 692	
AISC per GEO sold		**$ 999**			$ 998	

Cash Costs & AISC (i) - Total Yamana (iv) Reconciliation	For the year ended December 31, 2019			For the year ended December 31, 2018		
(In millions of US Dollars except GEO and per GEO amounts)	Total	GEO - Total Yamana	Other Mines and Copper	Total	GEO - Total Yamana	Other Mines and Copper
Cost of sales excluding DDA (ii)	**$ 782.8**	**$ 691.6**	**$ 91.2**	$ 1,010.0	$ 749.5	$ 260.5
DDA (ii)	**471.7**	**461.2**	**10.5**	438.3	391.9	46.4
Total cost of sales	**$ 1,254.4**	**$ 1,152.8**	**$ 101.7**	$ 1,448.3	$ 1,141.4	$ 306.9
DDA		**(461.2)**			(391.9)	
Treatment and refining charges		**2.4**			4.9	
Total cash costs		**$ 693.9**			$ 754.4	
AISC adjustments:						
Corporate or regional G&A costs, including share-based remuneration		**77.3**			69.6	
Reclamation & remediation - accretion & amortization		**23.2**			19.0	
Capital exploration		**51.1**			57.7	
Exploration and study costs		**5.2**			8.0	
Capitalized stripping & underground mine development		**90.5**			89.3	
Other sustaining capital expenditures		**55.9**			59.7	
Leases (IFRS 16 Adjustment)		20.1			—	
Total AISC		**$ 1,017.1**			$ 1,057.7	
Commercial GEO (i)		**1,039,583**			1,089,804	
Cost of sales excl. DDA per GEO sold		**$ 665**			$ 688	
DDA per GEO sold		**$ 444**			$ 360	
Total cost of sales per GEO sold		**$ 1,109**			$ 1,047	
Cash cost per GEO sold		**$ 667**			$ 692	
AISC per GEO sold		**$ 978**			$ 971	

Cash Costs & AISC (i) - Operating Segments Reconciliation

For the three months ended December 31, 2019

(In millions of US Dollars except GEO and per GEO amounts)	Total	Malartic GEO	Jacobina GEO	Cerro Moro GEO	El Peñón GEO	Minera Florida GEO	Corp. Office, Other Mines & Copper
Cost of sales excluding DDA (ii)	**$ 169.4**	**$ 53.1**	**$ 23.4**	**$ 37.0**	**$ 35.7**	**$ 19.8**	**$ 0.5**
DDA (ii)	**119.0**	**34.9**	**12.0**	**29.5**	**31.8**	**8.8**	**2.0**
Total cost of sales	**$ 288.4**	**$ 88.0**	**$ 35.4**	**$ 66.5**	**$ 67.5**	**$ 28.6**	**$ 2.5**
DDA		**(34.9)**	**(12.0)**	**(29.5)**	**(31.8)**	**(8.8)**	
Total cash costs		**$ 53.1**	**$ 23.4**	**$ 37.0**	**$ 35.7**	**$ 19.8**	
AISC adjustments:							
Corporate or regional G&A costs, including share-based remuneration		**1.0**	**0.3**	**1.2**	**0.4**	**0.3**	
Reclamation & remediation - accretion & amortization		**2.3**	**0.7**	**0.9**	**0.3**	**1.2**	
Capital exploration		**0.1**	**2.7**	**3.8**	**2.8**	**2.3**	
Exploration and study costs		**—**	**0.1**	**—**	**—**	**—**	
Capitalized stripping & underground mine development		**3.1**	**4.0**	**6.5**	**6.1**	**3.0**	
Other sustaining capital expenditures		**10.4**	**4.1**	**5.4**	**1.6**	**0.6**	
Leases (IFRS 16 Adjustment)		**0.1**	**1.2**	**1.3**	**2.4**	**0.5**	
Total AISC		**$ 70.1**	**$ 36.6**	**$ 56.1**	**$ 49.3**	**$ 27.7**	
Commercial GEO (i)		**84,673**	**44,293**	**45,690**	**63,552**	**19,696**	
Cost of sales excl. DDA per GEO sold		**$ 627**	**$ 529**	**$ 811**	**$ 562**	**$ 1,005**	
DDA per GEO sold		**$ 412**	**$ 270**	**$ 646**	**$ 500**	**$ 445**	
Total cost of sales per GEO sold		**$ 1,039**	**$ 799**	**$ 1,456**	**$ 1,062**	**$ 1,450**	
Cash cost per GEO sold		**$ 627**	**$ 529**	**$ 811**	**$ 562**	**$ 1,005**	
AISC per GEO sold		**$ 828**	**$ 827**	**$ 1,228**	**$ 775**	**$ 1,411**	

Cash Costs & AISC (i) - Operating Segments Reconciliation

For the three months ended December 31, 2018

(In millions of US Dollars except GEO and per GEO amounts)	Total	Malartic GEO	Jacobina GEO	Cerro Moro GEO	El Peñón GEO	Minera Florida GEO	Corp. Office, Other Mines & Copper
Cost of sales excluding DDA (ii)	$ 266.2	$ 52.6	$ 23.8	$ 38.1	$ 40.4	$ 17.5	$ 93.8
DDA (ii)	130.9	34.7	15.7	29.5	26.2	10.3	14.5
Total cost of sales	$ 397.1	$ 87.3	$ 39.5	$ 67.6	$ 66.6	$ 27.8	$ 108.3
DDA		(34.7)	(15.7)	(29.5)	(26.2)	(10.3)	
Total cash costs		$ 52.6	$ 23.8	$ 38.1	$ 40.4	$ 17.5	
AISC adjustments:							
Corporate or regional G&A costs, including share-based remuneration		1.3	0.4	1.0	0.4	0.3	
Reclamation & remediation - accretion & amortization		1.2	0.7	0.1	0.7	1.0	
Capital exploration		0.4	1.7	3.0	4.7	3.9	
Exploration and study costs		0.2	—	—	—	—	
Capitalized stripping & underground mine development		4.2	3.5	2.0	5.6	2.9	
Other sustaining capital expenditures		7.2	1.6	7.5	1.8	1.4	
Total AISC		$ 67.1	$ 31.7	$ 51.7	$ 53.6	$ 27.0	
Commercial GEO (i)		89,626	34,934	63,443	51,965	23,882	
Cost of sales excl. DDA per GEO sold		$ 587	$ 681	$ 601	$ 777	$ 731	
DDA per GEO sold		$ 388	$ 451	$ 466	$ 503	$ 433	
Total cost of sales per GEO sold		$ 974	$ 1,132	$ 1,067	$ 1,280	$ 1,164	
Cash costs per GEO sold		$ 587	$ 681	$ 601	$ 777	$ 731	
AISC per GEO sold		$ 748	$ 906	$ 816	$ 1,031	$ 1,129	

Cash Costs & AISC (i) - Operating Segments Reconciliation *For the year ended December 31, 2019*

(In millions of US Dollars except GEO and per GEO amounts)	Total	Malartic GEO	Jacobina GEO	Cerro Moro GEO	El Peñón GEO	Minera Florida GEO	Corp. Office, Other Mines & Copper
Cost of sales excluding DDA (ii)	**$ 782.8**	**$ 198.9**	**$ 94.9**	**$ 153.8**	**$ 153.4**	**$ 70.6**	**$ 111.2**
DDA (ii)	**471.7**	**135.4**	**56.7**	**121.7**	**102.0**	**35.7**	**20.2**
Total cost of sales	**$1,254.5**	**$ 334.4**	**$ 151.6**	**$ 275.5**	**$ 255.4**	**$ 106.3**	**$ 131.4**
DDA		**(135.4)**	**(56.7)**	**(121.7)**	**(102.0)**	**(35.7)**	
Treatment and refining charges		**—**	**—**	**0.7**	**—**	**—**	
Total cash costs		**$ 199.0**	**$ 94.9**	**$ 154.5**	**$ 153.4**	**$ 70.6**	
AISC adjustments:							
Corporate or regional G&A costs, including share-based remuneration		**3.9**	**1.3**	**4.7**	**0.7**	**0.5**	
Reclamation & remediation - accretion & amortization		**9.0**	**3.4**	**3.5**	**2.1**	**4.6**	
Capital exploration		**0.8**	**6.3**	**16.2**	**18.1**	**9.5**	
Exploration and study costs		**0.2**	**0.2**	**—**	**—**	**—**	
Capitalized stripping & underground mine development		**16.1**	**16.6**	**15.8**	**26.2**	**11.6**	
Other sustaining capital expenditures		**29.1**	**7.9**	**7.7**	**4.6**	**1.6**	
Leases (IFRS 16 Adjustment)		**0.5**	**4.7**	**4.2**	**6.8**	**2.3**	
Total AISC		**$ 258.6**	**$ 135.3**	**$ 206.6**	**$ 211.9**	**$ 100.7**	
Commercial GEO (i)		**330,851**	**160,142**	**213,077**	**211,231**	**74,705**	
Cost of sales excl. DDA per GEO sold		**$ 601**	**$ 593**	**$ 722**	**$ 726**	**$ 945**	
DDA per GEO sold		**$ 409**	**$ 354**	**$ 571**	**$ 483**	**$ 478**	
Total cost of sales per GEO sold		**$ 1,011**	**$ 947**	**$ 1,293**	**$ 1,209**	**$ 1,423**	
Cash cost per GEO sold		**$ 601**	**$ 593**	**$ 725**	**$ 726**	**$ 945**	
AISC per GEO sold		**$ 782**	**$ 845**	**$ 969**	**$ 1,003**	**$ 1,346**	

Cash Costs & AISC (i) - Operating Segments Reconciliation *For the year ended December 31, 2018*

(In millions of US Dollars except GEO and per GEO amounts)	Total	Malartic GEO	Jacobina GEO	Cerro Moro GEO	El Peñón GEO	Minera Florida GEO	Corp. Office, Other Mines & Copper
Cost of sales excluding DDA (ii)	$ 1,010.0	$ 200.4	$ 95.7	$ 66.1	$ 171.0	$ 74.7	$ 402.1
DDA (ii)	438.3	137.8	41.4	49.1	92.9	39.2	77.9
Total cost of sales	$ 1,448.3	$ 338.2	$ 137.1	$ 115.2	$ 263.9	$ 113.9	$ 480.0
DDA		(137.8)	(41.4)	(49.1)	(92.9)	(39.2)	
Total cash costs		$ 200.4	$ 95.7	$ 66.1	$ 171.0	$ 74.7	
AISC adjustments:							
Corporate or regional G&A costs, including share-based remuneration		4.8	0.9	1.4	0.6	1.0	
Reclamation & remediation - accretion & amortization		4.9	2.7	0.2	3.0	4.0	
Capital exploration		4.0	5.9	6.4	17.9	14.0	
Exploration and study costs		0.3	0.2	—	—	—	
Capitalized stripping & underground mine development		23.7	14.9	3.3	25.4	10.4	
Other sustaining capital expenditures		22.7	6.1	11.7	6.5	4.1	
Total AISC		$ 260.8	$ 126.4	$ 89.1	$ 224.4	$ 108.2	
Commercial GEO (i)		349,923	141,780	105,128	200,804	81,449	
Cost of sales excl. DDA per GEO sold		$ 573	$ 675	$ 629	$ 851	$ 917	
DDA per GEO sold		$ 394	$ 292	$ 467	$ 462	$ 481	
Total cost of sales per GEO sold		$ 967	$ 967	$ 1,096	$ 1,314	$ 1,398	
Cash costs per GEO sold		$ 573	$ 675	$ 629	$ 851	$ 917	
AISC per GEO sold		$ 746	$ 891	$ 848	$ 1,117	$ 1,327	

(i) GEO assumes gold ounces plus the gold equivalent of silver ounces using a ratio of 85.54 and 86.02 for the three months and year ended December 31, 2019, respectively, and 81.30 and 79.60 for the three months and year ended December 31, 2018, respectively.

(ii) Cost of sales excluding DDA includes the impact of the movement in inventory (non-cash item). 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 7: Segment Information* to the Company's consolidated financial statements. Other Mines includes Brio and Gualcamayo for the comparative period.

(iii) Yamana Mines includes those mines in the Company's portfolio as of December 31, 2019: Canadian Malartic, Jacobina, Cerro Moro, El Peñón and Minera Florida.

(iv) Total Yamana includes Yamana Mines; and Chapada, and Gualcamayo, which were divested in July 2019 and December 2018, respectively.

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, 2019**		December 31, 2018
Debt				
Non-current portion	**$**	**991.7**	$	1,756.8
Current portion		**56.2**		1.9
Total debt	**$**	**1,047.9**	$	1,758.7
Less: Cash and cash equivalents		**(158.8)**		(98.5)
Net debt	**$**	**889.1**	$	1,660.2

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 adjusted for advance payments received pursuant to metal purchase agreements, non-discretionary expenditures from sustaining capital expenditures and interest paid related to the current period.

	For the three months ended December 31,				*For the year ended December 31,*			
(In millions of US Dollars)		**2019**		2018		**2019**		2018
Cash flows from operating activities	**$**	**201.7**	$	114.8	**$**	**521.8**	$	404.2
Adjustments to operating cash flows:								
Deferred revenue recognized on copper prepay, streaming arrangements and other net of advance payments received (i)		**4.2**		37.5		**79.4**		(28.3)
Other payments (ii)		**—**		33.2		**8.3**		108.0
Non-discretionary items related to the current period								
Sustaining capital expenditures		**(46.6)**		(52.5)		**(166.7)**		(187.8)
Interest paid		**(22.8)**		(27.0)		**(84.4)**		(76.3)
Net free cash flow	**$**	**136.5**	$	106.0	**$**	**358.4**	$	219.8

(i) Adjustment represents non-cash deferred revenue recognized in respect of metal sales agreements, the cash payments for which, were received in previous periods and which were similarly reduced for comparability. Of the total deferred revenue recognized, $53.2 million was attributable to the copper advanced sales program during the first two quarters of 2019, and $1.3 million and $9.4 million was attributable to pre-existing copper and silver streaming arrangements, for the three months and year ended December 31, 2019, respectively.

(ii) Included in other payments for the three months and year ended December 31, 2018 are one-time payments made to the Brazilian tax authorities of $33.3 million and $101.3 million, respectively.

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 its consolidated financial statements. Average realized price does not have any standardized meaning prescribed under IFRS, and therefore 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 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,	**2019**				2018			
(In millions of US Dollars; unless otherwise noted)	**Total**	**Gold**	**Silver**	**Copper**	Total	Gold	Silver	Copper
Revenue	**$ 383.8**	**$ 332.0**	**$ 51.5**	**$ 0.3**	$ 483.4	$ 347.9	$ 44.7	$ 90.8
Treatment and refining charges of concentrate	**—**	**—**	**—**	**—**	10.1	1.5	—	8.6
Metal price adjustments related to concentrate revenue	**(0.6)**	**(0.5)**	**(0.1)**	**—**	2.8	(0.6)	—	3.4
Other adjustments	**—**	**—**	**—**	**—**	(0.1)	(0.1)	—	—
Gross revenue	**$ 383.3**	**$ 331.5**	**$ 51.4**	**$ 0.4**	$ 496.2	$ 348.7	$ 44.7	$ 102.8
Commercial gold/silver ounces, million pounds of copper sold		**223,433**	**2,935,673**	**0.2**		284,420	3,065,102	35.5
Revenue per gold/silver ounce, pound of copper sold		**$ 1,486**	**$ 17.55**	**$ 1.88**		$ 1,223	$ 14.59	$ 2.56
Average Realized Price per gold/silver ounce, pound of copper sold		**$ 1,484**	**$ 17.50**	**$ 2.11**		$ 1,226	$ 14.59	$ 2.90

For the year ended December 31,	**2019**				2018			
(In millions of US Dollars; unless otherwise noted)	**Total**	**Gold**	**Silver**	**Copper**	Total	Gold	Silver	Copper
Revenue	**$1,612.2**	**$ 1268.7**	**$ 180.6**	**$ 162.9**	$ 1,798.5	$ 1,357.5	$ 107.6	$ 333.4
Treatment and refining charges of concentrate	**13.0**	**1.7**	**0.6**	**10.7**	34.6	4.9	—	29.7
Metal price adjustments related to concentrate revenue	**(10.3)**	**(6.0)**	**(2.1)**	**(2.2)**	6.8	0.1	—	6.6
Other adjustments	**—**	**—**	**—**	**—**	0.3	0.3	—	—
Gross revenue	**$1,614.9**	**$ 1264.4**	**$ 179.1**	**$ 171.3**	$ 1,840.2	$ 1,362.8	$ 107.6	$ 369.7
Commercial gold/silver ounces, million pounds of copper sold		**911,708**	**11,009,552**	**59.9**		1,075,214	7,000,887	123.6
Revenue per gold/silver ounce, pound of copper sold		**$ 1,392**	**$ 16.39**	**$ 2.72**		$ 1,263	$ 15.37	$ 2.70
Average Realized Price per gold/silver ounce, pound of copper sold		**$ 1,387**	**$ 16.26**	**$ 2.86**		$ 1,267	$ 15.37	$ 2.99

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/loss** - represents the amount of revenue in excess of cost of sales excluding depletion, depreciation and amortization and depletion, depreciation and amortization.
- **Operating earnings/loss** - represents the amount of earnings/loss before net finance costs, other income/costs and income tax expense/recovery. This measure represents the amount of financial contribution, net of all expenses directly attributable to mining operations and overheads. Finance costs and other income/costs are not classified as expenses directly attributable to mining operations.
- **Cash flows from operating activities before income taxes paid and net change in working capital** - excludes the payments made during the period related to income taxes and tax related payments and the movement from period-to-period in working capital items including trade and other receivables, other assets, inventories, trade and other payables. Working capital and income taxes can be volatile due to numerous factors, such as the timing of payment and receipt. As

the Company uses the indirect method prescribed by IFRS in preparing its statement of cash flows, this additional measure represents the cash flows generated by the mining business to complement the GAAP measure of cash flows from operating activities, which is adjusted for income taxes paid and tax related payments and the working capital change during the reporting period.

- **Cash flows from operating activities before net change in working capital** - excludes the movement from period-to-period in working capital items including trade and other receivables, other assets, inventories, trade and other payables. Working capital can be volatile due to numerous factors, such as the timing of payment and receipt. As the Company uses the indirect method prescribed by IFRS in preparing its statement of cash flows, this additional measure represents the cash flows generated by the mining business to complement the GAAP measure of cash flows from operating activities, which is adjusted for the working capital change during the reporting period.

The Company's management believes that this 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.

The Company's management, with the participation of its President and Chief Executive Officer, and Senior Vice President, Finance and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting. In making this assessment, management used the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management and the President and Chief Executive Officer and Senior Vice President, Finance and Chief Financial Officer, have concluded that, as of December 31, 2019, the Company’s internal control over financial reporting was effective.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2019 has been audited by Deloitte LLP, the Company’s independent registered public accounting firm, as stated in their report immediately preceding the Company’s audited consolidated financial statements for the year ended December 31, 2019.

CHANGES IN INTERNAL CONTROLS

During the year ended December 31, 2019, 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, 2019, and December 31, 2018, and results of operations for the periods ended December 31, 2019, and December 31, 2018.

This Management’s Discussion and Analysis has been prepared as of February 13, 2020. 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, 2019 (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, 2018 on file with the Securities Commissions of all of the provinces in Canada and which are included in the 2018 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 and 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, results of feasibility studies, repayment of debt or updates regarding mineral reserves and mineral resources. 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, silver, copper and zinc), currency exchange rates (such as the Brazilian Real, the Chilean Peso and the Argentine Peso versus the United States 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 dispositions, 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, 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, P.Geo (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, 2018 and other continuous disclosure documents filed by the Company since January 1, 2019 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 promulgated by the Securities and Exchange Commission (the "SEC"). For example, the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" 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 SEC. 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 SEC disclosure requirements.

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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, 2019, 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”

President and
Chief Executive Officer

“Jason LeBlanc”

Senior Vice President, Finance and
Chief Financial Officer

February 13, 2020

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, 2019 and 2018, the related consolidated statements of operations, comprehensive earnings (loss), cash flows and changes in equity, for each of the two years in the period ended December 31, 2019, 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, 2019 and 2018, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2019, 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, 2019, 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 13, 2020, 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.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Mining Properties – Assessment of Whether Indicators of Impairment or Impairment Reversal Exist – Refer to Notes 4, 13 and 22 of the Financial Statements

Critical Audit Matter Description

The Company's determination of whether an indicator of impairment or impairment reversal exists requires significant management judgment.
While there are several inputs that are required to determine whether or not an indicator of impairment or impairment reversal exists, the judgments with the highest degree of subjectivity are future commodity prices (gold), inputs to the consolidated Company's market capitalization deficiency assessment (specifically, control premiums, industry specific factors and company performance), foreign exchange rates and the discount rate. Auditing these estimates and inputs required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of a fair value specialist.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to future commodity prices (gold), inputs to the market capitalization deficiency assessment (specifically, control premiums, industry specific factors and company performance), foreign exchange rates and the discount rate in the assessment of indicators of impairment or impairment reversal included the following, among others:

- Evaluated the effectiveness of controls over management's assessment of indicators of impairment or impairment reversal,
- Evaluated the reasonableness of the foreign exchange rates by comparing our independent research of the forecasted rates to management's assumed rates,
- With the assistance of a fair value specialist;
    - Evaluated the future commodity prices (gold) by comparing forecasts to third party forecasts,
    - Performed an assessment of the market capitalization to the carrying value of the cash-generating units ("CGUs") which included; assessing control premiums, industry specific factors and company performance, and
    - Evaluated the reasonableness of the change in discount rate by testing the source information underlying the determination of the discount rate.

Goodwill – Canadian Malartic Cash-Generating Unit (CGU) Refer to Notes 4, 13 and 23 of the Financial Statements

Critical Audit Matter Description

The Company has goodwill associated with its investment in the Canadian Malartic CGU. The Company performs an annual assessment of impairment for goodwill, or more frequently if any event or change in circumstances indicates that the fair value of a CGU may be below its recoverable amount using fair value less cost of disposal.

While there are several assumptions that are required to determine the recoverable amount, the judgments with the highest degree of subjectivity are future gold selling prices, the discount rate, and foreign exchange rates. Given the determination of the fair value less cost of disposal requires management to make significant estimates and assumptions related to forecasts of future revenues (specifically gold prices and potential ounces and land hectares), discount rate, and foreign exchange rates, performing audit procedures to evaluate the reasonableness of such estimates and assumptions required a high degree of auditor judgment as the estimations made by management contain significant measurement uncertainty and modifications to these assumptions have a significant impact on the recoverable amount. This resulted in an increased extent of audit effort, including the involvement of a fair value specialist.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future gold selling prices, discount rate, and foreign exchange rates used in the CGU fair value less cost of disposal calculation included the following, among others:

- Evaluated the effectiveness of controls over management's determination of the future gold selling prices, discount rate, and foreign exchange rates,
- With the assistance of a fair value specialist;
    - Evaluated the reasonableness of the future gold selling prices by comparing forecasts to third party forecasts,
    - Tested the source information underlying the determination of the discount rate,
    - Evaluated the reasonableness of the foreign exchange rates by comparing forecasts to third party forecasts,
    - Developed a range of independent estimates for the discount rate and compared to the discount rate selected by management, and
    - Obtained third party information surrounding in-situ and $/hectare to assess the reasonableness of potential ounces and land hectare forecasts.

"/s/ Deloitte LLP"

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada

February 13, 2020

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, 2019, 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, 2019, 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, 2019 of the Company and our report dated February 13, 2020, 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.

"/s/ Deloitte LLP"

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada

February 13, 2020

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)		**2019**		2018
Revenue (Note 8)	**$**	**1,612.2**	$	1,798.5
Cost of sales excluding depletion, depreciation and amortization		**(782.8)**		(1,010.0)
Gross margin excluding depletion, depreciation and amortization	**$**	**829.4**	$	788.5
Depletion, depreciation and amortization		**(471.7)**		(438.3)
Impairment of mining properties and goodwill, net (Note 13)		**—**		(149.0)
Mine operating earnings	**$**	**357.7**	$	201.2
Expenses				
General and administrative		**(79.4)**		(91.8)
Exploration and evaluation		**(10.3)**		(13.0)
Share of (loss) earnings of associate (Note 24)		**(16.3)**		5.5
Other operating income, net (Note 10)		**222.4**		9.3
Impairment of non-operating mining properties (Note 13)		**—**		(153.0)
Operating earnings (loss)	**$**	**474.1**	$	(41.8)
Finance costs (Note 12)		**(144.2)**		(137.4)
Other (costs) income, net (Note 11)		**(19.6)**		2.5
Earnings (loss) before taxes	**$**	**310.3**	$	(176.7)
Current income tax expense (Note 14)		**(95.0)**		(138.8)
Deferred income tax recovery (Note 14)		**10.3**		17.8
Income tax expense, net	**$**	**(84.7)**	$	(121.0)
Net earnings (loss)	**$**	**225.6**	$	(297.7)
Attributable to:				
Yamana Gold Inc. equity holders	**$**	**225.6**	$	(284.6)
Non-controlling interests		**—**		(13.1)
Net earnings (loss)	**$**	**225.6**	$	(297.7)
Earnings (loss) per share attributable to Yamana Gold Inc. equity holders (Note 15)				
Basic and diluted	**$**	**0.24**	$	(0.30)
Weighted average number of shares outstanding (in thousands) (Note 15)				
Basic		**950,266**		949,030
Diluted		**951,924**		949,030

The accompanying notes are an integral part of the consolidated financial statements.

YAMANA GOLD INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)
FOR THE YEARS ENDED DECEMBER 31,

(In millions of US Dollars)	**2019**	2018
Net earnings (loss)	**$ 225.6**	$ (297.7)
Other comprehensive loss, net of taxes		
Items that may be reclassified subsequently to net earnings (loss):		
Cash-flow hedges		
- Effective portion of changes in fair value of cash flow hedges (Note 17)	**(4.3)**	(15.9)
- Reclassification of gains recorded in earnings (Note 17)	**9.3**	3.4
- Tax Impact on fair value of hedging instruments (Note 14)	**0.5**	(1.4)
- Time value of options contracts excluded from hedge relationship (Note 17)	**(1.3)**	5.4
Share of other comprehensive loss from investment in associate (Note 24)	**(9.4)**	—
	$ (5.2)	$ (8.5)
Items that will not be reclassified to net earnings (loss):		
Changes in the fair value of equity investments at FVOCI	**(1.1)**	(1.0)
Re-measurement of employee benefit plan	**1.3**	(1.0)
Total other comprehensive loss	**$ (5.0)**	$ (10.5)
Total comprehensive earnings (loss)	**$ 220.6**	$ (308.2)
Attributable to:		
Yamana Gold Inc. equity holders	**$ 220.6**	$ (294.4)
Non-controlling interests	**—**	(13.8)
Total comprehensive earnings (loss)	**$ 220.6**	$ (308.2)

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)		**2019**		2018
Operating activities				
Earnings (loss) before taxes	**$**	**310.3**	$	(176.7)
Adjustments to reconcile loss before taxes to net operating cash flows:				
Depletion, depreciation and amortization		**471.7**		438.3
Share-based payments (Note 31)		**15.0**		5.3
Other costs (income), net (Note 11)		**19.6**		(2.5)
Finance costs (Note 12)		**144.2**		137.4
Mark-to-market on financial assets and metal concentrates		**(4.7)**		17.6
Share of loss (earnings) of associate (Note 24)		**16.3**		(5.5)
Impairment of mining properties, net (Note 13)		**—**		302.0
Amortization of deferred revenue on metal purchase agreements (Note 27)		**(79.4)**		(99.5)
Gain on sale of subsidiaries (Note 10)		**(273.1)**		(74.2)
Other non-cash expenses (Note 16)		**46.2**		50.4
Advanced payments received on metal purchase agreements		**—**		127.8
Environmental rehabilitation obligations paid (Note 29)		**(4.3)**		(5.3)
Other payments		**(8.3)**		(6.7)
Cash flows from operating activities before income taxes paid and net change in working capital		**653.5**		708.4
Income taxes paid		**(63.0)**		(142.1)
Cash flows from operating activities before net change in working capital	**$**	**590.5**	$	566.3
Net change in working capital (Note 16)		**(68.7)**		(162.1)
Cash flows from operating activities	**$**	**521.8**	$	404.2
Investing activities				
Acquisition of property, plant and equipment	**$**	**(331.7)**	$	(446.9)
Net proceeds on disposal of subsidiaries and other assets		**825.0**		189.9
Cash used in other investing activities		**(61.3)**		(72.6)
Cash flows from (used in) investing activities	**$**	**432.0**	$	(329.6)
Financing activities				
Dividends paid (Note 30)	**$**	**(23.7)**	$	(19.0)
Interest paid		**(84.4)**		(76.3)
Financing costs paid on early note redemption (Note 12)		**(35.0)**		(14.7)
Repayment of revolving credit facility and notes payable (Note 28)		**(952.5)**		(486.5)
Proceeds from drawdown of revolving credit facility (Note 28)		**240.0**		460.0
Payment of lease liabilities		**(16.8)**		—
Proceeds (used in) from other financing activities		**(20.1)**		2.2
Cash flows used in financing activities	**$**	**(892.5)**	$	(134.3)
Effect of foreign exchange of non-US Dollar denominated cash and cash equivalents		**(1.0)**		3.0
Increase (decrease) in cash and cash equivalents	**$**	**60.3**	$	(56.7)
Cash and cash equivalents, beginning of year	**$**	**98.5**	$	148.9
Cash and cash equivalents classified as held for sale, beginning of year	**$**	**—**	$	6.3
Cash and cash equivalents, end of year	**$**	**158.8**	$	98.5

Supplementary cash flow information (*Note 16*).
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)		**2019**		2018
Assets				
Current assets:				
Cash and cash equivalents (Note 16)	**$**	**158.8**	$	98.5
Trade and other receivables		**3.4**		24.3
Inventories (Note 19)		**133.4**		181.0
Other financial assets (Note 20)		**8.5**		7.4
Other assets (Note 21)		**97.5**		118.0
	$	**401.6**	$	429.2
Non-current assets:				
Property, plant and equipment (Note 22)		**5,952.9**		6,696.4
Goodwill and other intangible assets (Note 23)		**392.2**		399.8
Investment in associate (Note 24)		**120.3**		146.0
Deferred tax assets (Note 14)		**80.8**		88.5
Other financial assets (Note 20)		**15.2**		18.9
Other assets (Note 21)		**154.2**		234.1
Total assets	**$**	**7,117.2**	$	8,012.9
Liabilities				
Current liabilities:				
Trade and other payables (Note 25)	**$**	**219.5**	$	294.8
Income taxes payable		**18.3**		32.5
Other financial liabilities (Note 26)		**131.1**		62.3
Other provisions and liabilities (Note 27)		**39.5**		106.8
	$	**408.4**	$	496.4
Non-current liabilities:				
Long-term debt (Note 28)		**991.7**		1,756.8
Environmental rehabilitation provision (Note 29)		**214.7**		241.2
Deferred tax liabilities (Note 14)		**1,041.4**		1,129.3
Other financial liabilities (Note 26)		**98.0**		76.0
Other provisions and liabilities (Note 27)		**143.1**		289.2
Total liabilities	**$**	**2,897.3**	$	3,988.9
Equity				
Share capital (Note 30)	**$**	**7,639.9**	$	7,636.4
Contributed surplus		**21.0**		20.4
Accumulated other comprehensive (loss) income		**(21.9)**		(16.9)
Deficit		**(3,453.8)**		(3,650.6)
Attributable to Yamana Gold Inc. equity holders	**$**	**4,185.2**	$	3,989.3
Non-controlling interests (Note 32)		**34.7**		34.7
Total equity	**$**	**4,219.9**	$	4,024.0
Total liabilities and equity	**$**	**7,117.2**	$	8,012.9

Commitments and contingencies (*Notes 22, 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	Accumulated other comprehensive (loss) income	Deficit	Attributable to Yamana equity holders	Non-controlling interests	Total equity
At December 31, 2017	**$ 7,633.7**	**$ 18.0**	**$ 2.2**	**$ (3,340.5)**	**$ 4,313.4**	**$ 133.9**	**$ 4,447.3**
Impact of adopting IFRS 15	—	—	—	(16.4)	(16.4)	—	(16.4)
Impact of adopting IFRS 9	—	—	(8.8)	8.8	—	—	$ —
At January 1, 2018 (restated)	**$ 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	—	—	(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 32)	—	—	—	—	**$ —**	16.0	**16.0**
Issued on vesting of restricted share units (Note 30)	2.3	(2.3)	—	—	**$ —**	—	**—**
Vesting restricted share units	—	4.7	—	—	**$ 4.7**	0.3	**5.0**
Dividend reinvestment plan (Note 30)	0.4	—	—	—	**$ 0.4**	—	**0.4**
Dividends (Note 30)	—	—	—	(19.2)	**$ (19.2)**	—	**(19.2)**
At December 31, 2018	**$ 7,636.4**	**$ 20.4**	**$ (16.9)**	**$ (3,650.6)**	**$ 3,989.3**	**$ 34.7**	**$ 4,024.0**
Impact of adopting IFRS 16	—	—	—	(0.3)	**(0.3)**	—	**(0.3)**
At January 1, 2019 (restated)	7,636.4	20.4	(16.9)	(3,650.9)	**3,989.0**	34.7	**4,023.7**
Total comprehensive earnings							
Net earnings	$ —	$ —	$ —	$ 225.6	**$ 225.6**	$ —	**$ 225.6**
Other comprehensive loss	$ —	$ —	$ (5.0)	$ —	**$ (5.0)**	$ —	**$ (5.0)**
	—	—	(5.0)	225.6	**220.6**	—	220.6
Transactions with owners							
Issued on vesting of restricted share units (Note 30)	3.4	(3.4)	—	—	**—**	—	**—**
Vesting restricted share units	—	4.0	—	—	**4.0**	—	**4.0**
Share cancellations (Note 30)	(0.1)	—	—	—	**(0.1)**	—	**(0.1)**
Dividend reinvestment plan (Note 30)	0.2	—	—	—	**0.2**	—	**0.2**
Dividends (Note 30)	—	—	—	(28.8)	**(28.8)**	—	**(28.8)**
At December 31, 2019	**$ 7,639.9**	**$ 21.0**	**$ (21.9)**	**$ (3,453.8)**	**$ 4,185.2**	**$ 34.7**	**$ 4,219.9**

The accompanying notes are an integral part of the consolidated financial statements.

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Yamana Gold Inc. is the ultimate parent company of its consolidated group ("Yamana" or "the Company”). The Company, incorporated and domiciled in Canada, is a precious metals producer with significant gold and silver production, development stage properties, and exploration properties and land positions throughout the Americas, including 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’s registered office is Royal Bank Plaza, North Tower, Suite 2200 - 200 Bay Street, Toronto, Ontario, M5J 2J3. The Company is listed on the Toronto Stock Exchange (Symbol: YRI) and the New York Stock Exchange (Symbol: AUY).

The Company's principal producing mining properties are comprised of the Canadian Malartic mine in Canada (50% interest); the Jacobina mine in Brazil; the El Peñón and Minera Florida mines in Chile; and the Cerro Moro mine in Argentina. At December 31, 2019, the Company's significant projects include the Agua Rica project in Argentina.

On April 15, 2019, the Company entered into a definitive agreement to sell its 100% owned Chapada copper-gold mine located in Brazil to Lundin Mining Corporation ("Lundin"), and completed the sale on July 5, 2019. Refer to *Note 6* for further details.

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, 2019.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value as explained in Note 3. Accounting policies are consistently applied to all years presented, unless otherwise stated.

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. References to ARS, BRL, C$, and CLP are to Argentine Pesos, Brazilian Reais, Canadian Dollars and Chilean Pesos, respectively.

The consolidated financial statements were authorized for issuance by the Board of Directors on February 13, 2020.

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

The principal subsidiaries of the Company as at December 31, 2019 were as follows:

Legal Entity	Location	Ownership interest	Mining properties and projects owned
Minera Meridian Ltda.	Chile	**100.0 %**	El Peñón mine
Jacobina Mineração e Comércio Ltda.	Brazil	**100.0 %**	Jacobina mine
Estelar Resources Ltd.	Argentina	**100.0% (i)**	Cerro Moro mine
Minera Florida Ltda.	Chile	**100.0 %**	Minera Florida mine
Minera Agua Rica Sucursal Ltda.	Argentina	**100.0 %**	Agua Rica project
Suyai del Sur S.A.	Argentina	**100.0 %**	Suyai project
Agua De La Falda S.A.	Chile	**57.6 %**	Jeronimo project

(i) Refer to discussion at *Note 32*.

(b) Investments in Associates and Joint Arrangements

These consolidated financial statements also include the following joint arrangement and investment in associate:

Associates and joint arrangements	Location	Ownership interest	Classification and accounting method	Mining properties and projects owned
Canadian Malartic	Canada	50.0 %	Joint operation, consolidate Yamana's share	Canadian Malartic mine
Leagold Mining Corporation (Note 37)	Brazil, Mexico	20.4 %	Associate, equity method	Los Filos, RDM, Fazenda, Pilar and Santa Luz mines

A joint arrangement is 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 classified as either a joint operation or a joint venture, subject to the terms that govern each investor's rights and obligations in the arrangement. 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. For a joint operation, the Company recognizes its share of the assets, liabilities, revenues and expenses of the joint 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.

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 investment in associate using the equity method. Under the equity method, the Company’s investment in associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of net earnings/loss and other comprehensive earnings/loss 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 investment in associate also includes any long-term debt interests which, in substance, form part of the Company's net investment. The Company’s share of the 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 its associate are recognized in net earnings during the period. Dividends and repayment of capital received from the 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 associate are recognized only to the extent of unrelated investors’ interests in the associate. Intercompany balances and interest expense and income arising on loans and borrowings between the Company and its associate 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) 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.

(d) 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.

(e) 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.

(f) 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 environmental rehabilitation 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.

(g) 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.

(h) Revenue Recognition

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

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 three to four 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.

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 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.

(i) Leases

On January 1, 2019, the Company adopted IFRS 16 Leases ("IFRS 16"). The Company adopted IFRS 16 using the modified retrospective approach and therefore, the comparative information has not been restated and continues to be reported under IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16, and the impact of changes arising from the adoption of IFRS 16 is disclosed in Note 5.

Identifying a Lease

Policy applicable from January 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Company has the right to direct the use of the asset if either:
    - the Company has the right to operate the asset; or
    - the Company has designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of real estate, in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Policy applicable before January 1, 2019

For contracts entered into before January 1, 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfillment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
    - The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    - The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
    - Facts and circumstances indicated that it was remote that the other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit or output not equal to the current market price per unit of output.

The Company as a lessee

Policy applicable from January 1, 2019

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'other financial liabilities' in the consolidated balance sheet.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, such as certain IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before January 1, 2019

In the comparative period, the Company classified any leases that transferred substantially all of the risks and rewards of ownership as finance leases. Assets held under other leases were classified as operating leases and were not recognized in the Company’s consolidated balance sheet. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

(j) Financial Instruments

Classification and Measurement of Financial Assets and Financial Liabilities

i) Financial Assets

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.

ii) Financial Liabilities

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 below for financial liabilities designated as hedging instruments.

Impairment

Non-Derivative Financial Assets

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.

Derivative Instruments and Hedge Accounting

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.

(k) Share-Based Payments

The fair value of the estimated number of share options and restricted share units ("RSUs") awarded to employees, officers and directors that will eventually vest, determined as of the date of grant, is recognized as share-based compensation expense within General and Administrative expenses in the consolidated statements of operations over the vesting period of the share options and RSUs, with a corresponding increase to equity. The fair value of share options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. The fair value of RSUs is the market value of the underlying shares as of the date of grant. Share options and RSUs with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Changes to the estimated number of awards that will eventually vest are accounted for prospectively. 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.

Performance share units ("PSUs") and Deferred share units ("DSUs") are settled in cash. The fair value of the estimated number of PSUs or DSUs awarded that will eventually vest, determined as of the date of grant, is recognized as share-based compensation expense within general and administrative expenses in the consolidated statements of operations over the vesting period, with a corresponding amount recorded as a liability. Until the liability is settled, the fair value of the PSUs and DSUs is re-measured at the end of each reporting period and at the date of settlement, with changes in fair value recognized as share-based compensation expense or recovery over the vesting period.

(l) 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.

(m) Inventories

Metal inventories - ore in stockpiles (ore extracted from the mine and available for further processing), work in process (metal in the processing circuit that has not completed the production process), and product inventories (metal in saleable form) are measured at the lower of the cost of production and net realizable value. Cost is determined on a weighted average basis and includes all costs incurred, based on a normal production capacity, in bringing each product to its present location and condition. Cost of inventories comprises direct labor, materials and contractor expenses, including non-capitalized stripping costs; depreciation, depletion and amortization including capitalized stripping costs; and an allocation of general and administrative costs. Costs are added to ore in stockpiles at the current mining cost per tonne. As ore is removed for processing, costs are removed based on the accumulated average cost per tonne. Net realizable value is calculated as the estimated selling price at the time of sale based on prevailing and long-term metal prices, less estimated future costs to convert the inventories into saleable form and estimated costs to sell.

Ore in stockpiles not expected to be processed in the next twelve months is classified as long-term.

Materials and supplies include consumables and other raw materials yet to be used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items, and are valued at the lower of cost and net realizable value. Provisions are recorded to reduce materials and supplies to net realizable value, which is generally calculated by reference to its salvage or scrap value, when it is determined that the materials or supplies are obsolete. Provisions are reversed to reflect subsequent recoveries in net realizable value where the inventory is still on hand.

Write downs of inventory and reversals of write downs are reported as a component of current period costs.

(n) Property, Plant and Equipment

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 environmental rehabilitation costs associated with the asset.

The depreciable amount of building, plant and equipment is amortized according to either the units of production method or 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.

Exploration and 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 commences once a property has reached commercial production. Depletion of mining properties and development costs are calculated and recorded on a units of production basis over the estimated tonnage or recoverable ounces of 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 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 (f) 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.

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.

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.

(o) Environmental Rehabilitation 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.

Environmental rehabilitation obligations 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. 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.

Environmental rehabilitation provisions 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.

(p) 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.

Indicators of Impairment and Reversal of Impairment

Critical Judgements in Applying Accounting Policies

The Company considers both external and internal sources of information in assessing whether there are any indications that CGUs are impaired or reversal of impairment is needed. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and are expected to affect the recoverable amount of CGUs. Internal sources of information include the manner in which mining properties 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. The primary external factors considered are changes in spot and forecast metal prices, changes in laws and regulations and the Company's market capitalization relative to its net asset carrying amount. Primary internal factors considered are the Company's current mine performance against expectations, changes in mineral reserves and resources, life of mine plans and exploration results.

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.

No impairment losses or reversals of previous impairments were recognized during the year ended December 31, 2019. During the year ended December 31, 2018, the Company recognized a net impairment loss of $302.0 million in respect of the carrying amounts of certain mineral properties and goodwill. Refer to *Note 13.*

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, 2019, the carrying amount of stripping costs capitalized and included in mining properties was $54.2 million (December 31, 2018: $257.5 million).

Environmental Rehabilitation Provision

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 environmental rehabilitation provision 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

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 Company's current streaming arrangements, management has determined that based on the agreements, the counterparties assume significant business risk and rewards associated with the timing and amount of metals being delivered. As such, the deposits received from the counterparties have been recorded as deferred revenue in the consolidated balance sheet. Additionally, the Company has determined that the transactions are not financial liabilities 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 27* for additional information.

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.

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 was applied to the sale of the Chapada mine in 2019. Given that the Company will continue to operate in Brazil after the disposal of Chapada and following the analysis of other factors, the Company concluded that Chapada 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, 2019, such interest and penalties included in tax expense were $0.2 million (2018: $35.8 million).

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* 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 contained therein, and in determining the remaining costs of completion to bring inventory to 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, 2019, the Company recorded a write down of $0.7 million, as a result of the carrying amount of certain inventory exceeding net realizable value (2018: write down of $13.8 million). Refer to *Note 19*.

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

Adoption of IFRS 16 Leases

On January 1, 2019, the Company adopted IFRS 16. 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 leases identified, with limited exceptions for short-term leases and leases of low value assets. (Details of these new lease requirements are described in the Company's new accounting policy set out in *Note 3*). The impact of the adoption of IFRS 16 on the Company's consolidated financial statements is described below.

The Company has adopted IFRS 16 using the modified retrospective approach and therefore, the comparative information has not been restated as permitted under the specific transitional provisions in IFRS 16. The reclassifications and adjustments arising from the new leasing rules are recognized in the opening consolidated balance sheet on January 1, 2019.

i) Impact on the Company's consolidated financial statements

On transition to IFRS 16, the Company recognized an additional $41.5 million of right-of-use assets and $41.8 million of lease liabilities, recognizing the difference in retained deficit.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 9.65%.

		January 1, 2019
Operating lease commitments disclosed as at December 31, 2018 (Note 34)	**$**	**14.8**
Discounted using the incremental borrowing rate at January 1, 2019	**$**	**12.5**
Less: Short-term leases recognized on a straight-line basis as an expense		(1.0)
Add: Embedded leases identified in existing service contracts		36.5
Less: Other related to variable payments not based on an index or a rate		(6.2)
Lease liabilities recognized at January 1, 2019 (i)		**41.8**
Current	**$**	**18.7**
Non-current	**$**	**23.1**
	$	**41.8**

(i) Lease liabilities are included in Other Financial Liabilities on the consolidated balance sheet.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated balance sheet on December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Right-of-use assets are included in property, plant and equipment on the consolidated balance sheet. The right-of-use assets recognized upon adoption of IFRS 16 relate to the following types of assets:

As at,		January 1, 2019
Properties	$	5.3
Vehicles		17.0
Equipment		19.2
	$	41.5

Segment assets and segment liabilities at December 31, 2019 increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	Segment assets	Segment liabilities
Canadian Malartic	$ 1.8	$ 1.9
Jacobina	7.4	7.3
Cerro Moro	14.5	15.2
El Peñón	10.4	9.4
Minera Florida	1.9	1.8
Corporate and other	7.3	7.9
	$ 43.3	$ 43.5

ii) Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Refer to *Note 3* for a description of the new accounting policy applied by the Company as a result of adoption of IFRS 16.

New and Revised IFRSs, Narrow Scope Amendments to IFRSs and IFRS Interpretations not yet Effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2019. There are currently no such pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

6. DIVESTITURES

Chapada

On July 5, 2019, the Company completed the sale of the Chapada mine to Lundin Mining Corporation and received total consideration of $856.2 million, net of transaction costs of $5.8 million. The consideration was comprised of $800.0 million in cash received upon closing of the transaction, $54.0 million being the fair value ascribed to the Gold Price Instrument (refer below), and $8.0 million, being the fair value ascribed to a 2% net smelter return royalty on gold production from the Suruca deposit. The Company also received the right to receive a further $100.0 million of consideration, contingent upon the construction of a pyrite roaster at Chapada. The gain on sale of Chapada was impacted by the final settlement associated with the working capital delivery of $33.0 million, as anticipated. The Company recorded a $273.1 million gain on sale, as calculated below.

The Gold Price Instrument entitled the Company to additional cash payments of up to $125.0 million based on the price of gold over the five-year period from the date of closing, as follows:

- $10.0 million per year for each year over the next 5 years where the gold price averages over $1,350/oz, up to a maximum cash payment of $50.0 million;
- An additional $10.0 million per year for each year over the next 5 years where the gold price averages over $1,400/oz, up to a maximum cash payment of $50.0 million; and
- An additional $5.0 million per year for each year over the next 5 years where the gold price averages over $1,450/oz, up to a maximum cash payment of $25.0 million.

On September 16, 2019, the Company monetized the Gold Price Instrument, selling to a third party for consideration of $65.5 million, recognizing an $11.5 million gain on sale.

Included in "Net proceeds on disposal of subsidiaries and other assets" in the Company's consolidated statement of cash flows are the proceeds received on the sale of Chapada and the $65.5 million received on the sale of the Gold Price Instrument, net of the impact of the aforementioned working capital delivery.

At April 15, 2019, the sale was considered highly probable; therefore, the assets and liabilities of Chapada were classified as assets and liabilities held for sale and presented separately under current assets and current liabilities, respectively, in the Company's balance sheet at June 30, 2019. As the consideration expected to be received in the transaction exceeded the carrying amount, no impairment was required upon reclassification.

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 the 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 quarter ended September 30, 2018.

The sale of the Gualcamayo mine was completed on December 14, 2018 and the Company received total consideration of $82.5 million, net of transaction costs of $1.5 million. The Company recognized a $2.6 million gain on sale, as calculated below.

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 $146.1 million, net of transaction costs of $1.5 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 consolidated 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.

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 gains on disposal of Chapada (2019), Brio Gold (2018) and Gualcamayo (2018) were calculated as below:

	Chapada	Brio Gold	Gualcamayo
Total consideration including working capital adjustments (net of transaction costs)	**$ 856.2**	**$ 146.1**	**$ 82.5**
Net assets sold and derecognized:			
Cash and cash equivalents	$ 43.1	$ 5.4	$ 1.5
Trade and other receivables	0.5	1.4	7.5
Inventories	31.4	42.0	60.8
Other financial assets	—	1.5	0.8
Other assets	157.4	16.1	11.8
Property, plant and equipment	670.0	337.7	67.9
Deferred tax assets	—	5.3	—
Goodwill and intangibles	—	—	1.4
Trade and other payables	(31.9)	(54.1)	(31.1)
Income taxes payable	(18.2)	(3.3)	—
Other financial liabilities	—	(19.4)	(1.3)
Other provisions and liabilities	(150.5)	(14.5)	(9.7)
Debt	—	(73.0)	—
Environmental rehabilitation provisions	(58.7)	(34.2)	(29.7)
Deferred tax liabilities	(60.0)	—	—
Net assets	**$ 583.1**	**$ 210.9**	**$ 79.9**
Other comprehensive income	—	4.9	—
Non-controlling interests	—	(101.7)	—
Net assets attributable to Yamana	**$ 583.1**	**$ 114.1**	**$ 79.9**
Gain on disposal (Note 10)	**$ 273.1**	**$ 32.0**	**$ 2.6**

The gains on disposal are included in other operating income, net in the consolidated statement of operations for the respective year ends.

The results of Chapada, Gualcamayo and Brio Gold up to their disposal dates are included in the "Other Mines" operating segment in *Note 7*, and the Canadian Exploration Properties were included in the Canadian Malartic segment.

7. SEGMENT INFORMATION

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. Further, 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, are reviewed as one segment. Accordingly, in the current period, the Chapada mine, which was disposed of on July 5, 2019, has been included in the "Other Mines" segment. Comparatives have been updated to reflect the change in presentation adopted in the current period. 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".

Significant information relating to the Company's reportable segments is summarized in the tables below:

	Canadian Malartic	Jacobina	Cerro Moro	El Peñón	Minera Florida	Other Mines (i)	Corporate and other (ii)	Total
Property, plant and equipment at December 31, 2019	**$ 1,082.9**	**$ 917.6**	**$ 866.1**	**$ 571.2**	**$ 292.6**	**$ —**	**$ 2,222.5**	**$ 5,952.9**
Total assets at December 31, 2019	**$ 1,646.2**	**$ 952.7**	**$ 955.5**	**$ 612.5**	**$ 317.1**	**$ —**	**$ 2,633.2**	**$ 7,117.2**
Total liabilities at December 31, 2019	**$ 415.7**	**$ 269.0**	**$ 112.3**	**$ 210.5**	**$ 94.0**	**$ —**	**$ 1,795.8**	**$ 2,897.3**
Capital expenditures for the year ended December 31, 2019	**$ 82.7**	**$ 61.7**	**$ 43.4**	**$ 49.7**	**$ 34.3**	**$ 35.8**	**$ 24.1**	**$ 331.7**

	Canadian Malartic	Jacobina	Cerro Moro	El Peñón	Minera Florida	Other Mines (i)	Corporate and other (ii)	Total
Property, plant and equipment at December 31, 2018	$ 1,160.4	$ 907.3	$ 917.6	$ 585.7	$ 282.9	$ 658.3	$ 2,184.2	$ 6,696.4
Total assets at December 31, 2018	$ 1,686.8	$ 951.7	$ 1,033.6	$ 646.3	$ 305.7	$ 819.6	$ 2,569.2	$ 8,012.9
Total liabilities at December 31, 2018	$ 436.3	$ 232.0	$ 89.1	$ 158.9	$ 92.0	$ 263.9	$ 2,716.7	$ 3,988.9
Capital expenditures for the year ended December 31, 2018	$ 81.8	$ 47.5	$ 87.6	$ 50.8	$ 60.7	$ 88.3	$ 30.2	$ 446.9

(i) Other mines includes Chapada (divested July 2019) for 2019 periods and reporting dates, and Chapada, Gualcamayo (divested December 2018) and Brio Gold (divested May 2018) for 2018 periods and reporting dates.

(ii) "Corporate and other" includes advanced stage development projects, exploration properties, corporate entities, the Company's investment in associate and Agua Rica with total assets of $1,156.5 million (December 31, 2018: $1,146.9 million). On March 7, 2019, Yamana entered into an integration agreement with Glencore International AG ("Glencore") and Goldcorp Inc., now Newmont Corporation ("Newmont") (the three parties collectively, "the Parties") pursuant to which, the Agua Rica project would be developed and operated using the existing infrastructure and facilities of the Alumbrera mine, given their close proximity. The integration agreement provides the Parties with a path to a full integration of the Agua Rica project and the Alumbrera mine both technically and legally. The Parties are currently advancing the technical work to facilitate the permitting and dialogue with communities and stakeholders, performing confirmatory due diligence, finalizing binding agreements with government stakeholders and finalizing the legal integration structure. In respect of the contribution of the Parties, Yamana will contribute its current 100% interest in the Agua Rica project and its 12.5% interest in Alumbrera, while Glencore and Newmont will contribute their respective 50% and 37.5% interests in Alumbrera. The integration transaction structure will be determined based on the final construction financing plan, which may include completing a business transaction or other monetization event involving one or more third parties with respect to the integration project, and which may include a going public transaction.

For the year ended December 31, 2019	Canadian Malartic	Jacobina	Cerro Moro	El Peñón	Minera Florida	Other mines (ii)	Corporate and other	Total
Revenue	**$ 460.5**	**$ 224.0**	**$ 299.6**	**$ 297.0**	**$ 103.8**	**$ 227.3**	**$ —**	**$ 1,612.2**
Cost of sales excluding DDA (i)	**(198.9)**	**(94.9)**	**(153.8)**	**(153.4)**	**(70.6)**	**(111.2)**	**—**	**(782.8)**
Gross margin excluding DDA	**$ 261.6**	**$ 129.1**	**$ 145.8**	**$ 143.6**	**$ 33.2**	**$ 116.1**	**$ —**	**$ 829.4**
DDA	**(135.4)**	**(56.7)**	**(121.7)**	**(102.0)**	**(35.7)**	**(11.9)**	**(8.3)**	**(471.7)**
Segment income (loss)	**$ 126.2**	**$ 72.4**	**$ 24.1**	**$ 41.6**	**$ (2.5)**	**$ 104.2**	**$ (8.3)**	**$ 357.7**
							Other expenses (iii)	**(47.4)**
							Earnings before taxes	**$ 310.3**
							Income tax expense	**(84.7)**
							Net earnings	**$ 225.6**

For the year ended December 31, 2018	Canadian Malartic	Jacobina	Cerro Moro	El Peñón	Minera Florida	Other mines (ii)	Corporate and other	Total
Revenue	$ 447.6	$ 179.4	$ 126.8	$ 253.6	$ 102.6	$ 688.5	$ —	$ 1,798.5
Cost of sales excluding DDA (i)	(200.4)	(95.7)	(66.1)	(171.0)	(74.7)	(402.1)	—	(1,010.0)
Gross margin excluding DDA	$ 247.2	$ 83.7	$ 60.7	$ 82.6	$ 27.9	$ 286.4	$ —	$ 788.5
DDA	(137.8)	(41.4)	(49.1)	(92.9)	(39.2)	(69.9)	(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)	$ 64.4	$ 192.3	$ 11.6	$ (10.3)	$ (162.3)	$ 113.5	$ (8.0)	$ 201.2
							Other expenses (iii)	(377.9)
							Loss before taxes	$ (176.7)
							Income tax expense	(121.0)
							Net loss	$ (297.7)

(i) Depletion, depreciation and amortization ("DDA").
(ii) Other mines includes Chapada (divested July 2019) in 2019, and Chapada, Gualcamayo (divested December 2018) and Brio Gold (divested May 2018) for 2018.
(iii) Other expenses are comprised of general and administrative expenses, exploration and evaluation expenses, share of (loss) earnings of associate, other operating income, net, finance costs, other (costs) income net, and expenses related to impairment of non-operating mining properties as per the consolidated statement of operations.

Information about Geographical Areas

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

For the years ended December 31,	2019	2018
Canada	**$ 460.5**	$ 447.5
Chile	**400.8**	356.2
Brazil	**451.3**	748.7
Argentina	**299.6**	246.1
Total revenue	**$ 1,612.2**	$ 1,798.5

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

As at December 31,	2019	2018
Canada	**$ 1,863.9**	$ 1,910.0
Chile	**1,341.0**	1,348.4
Brazil	**949.2**	1,704.6
Argentina	**2,447.7**	2,497.0
United States	**33.0**	32.6
Total non-current assets	**$ 6,634.8**	$ 7,492.6

Information about Major Customers

The Company sells its metals 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,	2019	2018
Customer (i)		
1	**$ 371.8**	$ 360.4
2	**320.5**	343.9
3	**275.0**	270.5
4	**192.3**	229.6
5	**—**	182.3
Total sales to customers exceeding 10% of annual metal sales	**$ 1,159.6**	$ 1,386.7
Percentage of total metal sales	**71.9 %**	77.1 %

(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.

8. REVENUE

Disaggregation of Revenue

The following table disaggregates revenue by metal:

For the years ended December 31,		**2019**		2018
Gold	**$**	**1,262.8**	$	1,357.6
Silver		**178.5**		107.6
Copper		**162.7**		340.1
Total revenue from contracts with customers	**$**	**1,604.0**	$	1,805.3
Provisional pricing adjustments (i)		**8.2**		(6.8)
Total revenue	**$**	**1,612.2**	$	1,798.5

(i) Amount represents the provisional pricing adjustments related to silver and copper concentrate from the Cerro Moro and Chapada mines, respectively.

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, 2019 the aggregate amount of the revenue allocated to unsatisfied performance obligations was $89.2 million.

The Company expects to recognize approximately $11.7 million of this revenue over the next 12 months and the remainder over a period of approximately 6 years.

9. EMPLOYEE COMPENSATION AND BENEFITS EXPENSES

Employee compensation and benefits expense included in the statement of operations is as follows:

For the years ended December 31,		**2019**		2018
Wages and salaries	**$**	**174.5**	$	214.2
Social security, pension and government-mandated programs (i)		**77.2**		96.7
Other benefits (ii)		**20.1**		15.4
Total employee compensation and benefits expenses	**$**	**271.8**	$	326.3

(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 $5.9 million (2018: $7.9 million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at December 31, 2019, contributions of $2.6 million due in respect of the 2019 reporting period (2018: $3.7 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. Refer *Note 31* for further information.

10. OTHER OPERATING INCOME, NET

For the years ended December 31,	2019	2018
Change in provisions (i)	**$ 6.8**	$ 12.9
Write-down of tax recoverables and other assets	**25.6**	25.6
Gain on sale of subsidiaries (Note 6)	**(273.1)**	(73.7)
Loss (gain) on sale of other assets	**2.4**	(3.6)
Mark-to-market loss (gain) on deferred share compensation	**3.3**	—
Net mark-to-market (gain) loss on investments	**(1.9)**	9.8
Reorganization costs	**3.8**	10.1
Other expenses (ii)	**10.7**	9.5
Other operating income, net	**$ (222.4)**	$ (9.3)

(i) Amount represents the recording (reversal) of certain existing provisions based on management's best estimate of the likely outcome.
(ii) Other expenses is comprised primarily of contributions to social and infrastructure development causes in jurisdictions where the Company is active, and legal expenses. In 2018, other expenses also included $7.2 million of business transaction costs.

11. OTHER COSTS (INCOME), NET

For the years ended December 31,	2019	2018
Finance income	**$ (2.2)**	$ (2.6)
Net gain on derivatives	**(7.2)**	(9.4)
Net foreign exchange loss	**29.0**	9.5
Other costs (income), net	**$ 19.6**	$ (2.5)

12. FINANCE COSTS

For the years ended December 31,	2019	2018
Unwinding of discounts on provisions	**$ 11.1**	$ 16.7
Interest expense on long-term debt	**71.8**	75.6
Financing costs paid on early note redemption (Note 28)	**35.0**	14.7
Interest expense on lease liabilities (Note 34)	**4.4**	—
Amortization of deferred financing, bank, financing fees and other finance costs (i)	**21.9**	30.4
Finance costs	**$ 144.2**	$ 137.4

(i) Included in other finance costs for the years ended December 31, 2019 and 2018 is $9.4 million and $16.0 million, respectively, of non-cash interest expense related to the financing component of deferred revenue contracts.

13. IMPAIRMENT AND REVERSAL OF IMPAIRMENT

In the fourth quarter of 2019, the Company reviewed its CGUs for indicators of impairment or impairment reversal and performed the annual impairment test for the Canadian Malartic CGU to which goodwill has been allocated. No indicators of impairment or impairment reversal were identified at any of the Company's CGUs, and no impairment was identified based on the impairment test performed for the Canadian Malartic CGU.

For the year ended December 31, 2018, the Company's net impairment expense in respect of the following CGUs was as follows:

	2018			
	Operating mining properties	Non-operating mining properties	Goodwill (i)	Total
Brio Gold	$ 103.0	$ 78.0	$ —	$ 181.0
Gualcamayo	—	75.0	—	75.0
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

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

2018 Impairments (Impairment Reversal)

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 improvements to the life of mine 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. 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.

Gualcamayo

The fair value of the consideration receivable in the transaction with Mineros (see *Note 6*), which was in line with market valuations for comparable assets in Argentina, and reflective of the commodity price environment at the time; 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, resulting 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*). 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.

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, 2019 was below the carrying value of the net assets, the Company believes that its share price does not impact its 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 $1,350 per ounce (2018: $1,300 per ounce), $17.50 per ounce (2018: $19.00 per ounce) and $3.04 per pound (2018: $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 3.75% (2018: 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.

The Company performed a sensitivity analysis on key assumptions and determined that no reasonably possible change in any of the key assumptions would cause the carrying value of the Canadian Malartic CGU to exceed its recoverable amount.

14. INCOME TAXES

Income Tax Expense (Recovery)

For the years ended December 31,	**2019**	2018
Current tax expense (recovery)		
Current tax expense in respect of the current year	**$ 91.8**	$ 97.5
Adjustment for prior periods	**1.6**	35.0
Impact of foreign exchange	**0.7**	3.8
Interest and penalties	**0.9**	2.5
	$ 95.0	$ 138.8
Deferred income tax (recovery) expense		
Deferred income tax recovery recognized in the current year	**$ (30.3)**	$ (158.4)
Adjustment for prior periods	**2.9**	(7.5)
Impact of foreign exchange	**17.1**	148.1
	$ (10.3)	$ (17.8)
Net income tax expense	**$ 84.7**	$ 121.0

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,	**2019**	2018
Earnings (loss) before income taxes	**$ 310.3**	$ (176.7)
Canadian statutory tax rate (%)	**26.5 %**	26.5 %
Expected income tax expense (recovery)	**82.2**	(46.8)
Impact of higher foreign tax rates (i)	**42.2**	20.0
Impact of change in enacted tax rates (ii)(iii)	**6.3**	(5.0)
Permanent differences	**(63.2)**	38.8
Change in recognition of deferred tax assets	**(20.6)**	26.4
Foreign exchange and other translation amounts	**(11.0)**	32.2
True-up of tax provisions in respect of prior years	**4.5**	27.5
Withholding taxes	**6.7**	8.7
Mining taxes on profit	**29.1**	14.3
Planned distribution of foreign earnings of the company	**9.0**	0.9
Other	**(0.5)**	4.0
Net income tax expense	**$ 84.7**	$ 121.0
Income tax expense (recovery) is represented by:		
Current income tax expense	**$ 95.0**	$ 138.8
Deferred income tax recovery	**(10.3)**	(17.8)
Net income tax expense	**$ 84.7**	$ 121.0

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

(ii) 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.

(iii) On December 29, 2017 the Argentine 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. On December 23, 2019, the Argentine government enacted a new law that would postpone the reduction to 25% until 2021.

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,	**2019**	2018
The net deferred income tax assets (liabilities) are classified as follows:		
Deferred income tax assets	**$ 80.8**	$ 88.5
Deferred income tax liabilities	**(1,041.4)**	(1,129.3)
	$ (960.6)	$ (1,040.8)

For the year ended December 31, 2019	**Opening balance**	**Recognized in profit or loss**	**Recognized in OCI**	**Divestitures**	**Closing balance**
Deductible temporary differences	**$ 16.3**	**$ 0.1**	**$ —**	**$ (4.6)**	**$ 11.8**
Amounts related to tax losses	**105.1**	**(2.5)**	**—**	**—**	**102.6**
Financing costs	**87.4**	**(15.7)**	**—**	**—**	**71.7**
Environmental rehabilitation provision	**11.0**	**7.9**	**—**	**(14.4)**	**4.5**
Derivative liability	**(0.9)**	**0.9**	**0.5**	**—**	**0.5**
Property, plant and equipment	**(1,260.3)**	**21.4**	**—**	**88.4**	**(1,150.5)**
Other	**0.6**	**(1.8)**	**—**		**(1.2)**
Net deferred income tax liabilities	**$ (1,040.8)**	**$ 10.3**	**$ 0.5**	**$ 69.4**	**$ (960.6)**

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
Environmental rehabilitation provision	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)

A deferred income tax asset in the amount of $77.6 million has been recorded in Canada (2018: $82.0 million in Canada and $4.1 million in Argentina). 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 and tax planning were used to support the recognition 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.

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,	**2019**	2018
Deductible temporary differences (no expiry)	**$ 166.4**	$ 63.1
Capital losses (no expiry)	**149.1**	148.8
Operating losses	**121.6**	342.8
	$ 437.1	$ 554.7

Unrecognized operating losses at December 31, 2019 will expire as follows:

	Canada	U.S.	Brazil	Chile	Argentina	Other	Total
2020	$ —	$ 5.6	$ —	$ —	$ —	$ 0.1	$ 5.7
2021	$ —	$ 16.8	$ —	$ —	$ —	$ 0.1	$ 16.9
2022	$ —	$ 19.3	$ —	$ —	$ —	$ —	$ 19.3
2023	$ —	$ 34.8	$ —	$ —	$ —	$ —	$ 34.8
2024	$ —	$ 144.9	$ —	$ —	$ —	$ —	$ 144.9
2025 and onwards	$ 23.0	$ —	$ —	$ —	$ —	$ 12.9	$ 35.9
Unlimited	$ —	$ 3.3	$ 185.3	$ 80.7	$ —	$ —	$ 269.3
	$ 23.0	$ 224.8	$ 185.3	$ 80.7	$ —	$ 13.1	$ 526.8

Unrecognized Taxable Temporary Differences Associated with Investments and Interests in Subsidiaries

As at December 31, 2019, an aggregate temporary difference of $2.8 billion (2018: $2.8 billion) related to investments in subsidiaries was not recognized because the Company is able to control the timing of the reversal of the of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

15. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share for the years ended December 31, 2019 and 2018 was calculated based on the following:

	2019	2018
Attributable to Yamana Gold Inc. equity holders		
Net earnings (loss)	$ 225.6	$ (284.6)

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 earnings (loss) per share for the years ended December 31 was based on the following:

(in thousands of units)	2019	2018
Weighted average number of common shares - basic	950,266	949,030
Weighted average number of dilutive share options	—	—
Weighted average number of dilutive Restricted share units	1,658	—
Weighted average number of common shares - diluted	951,924	949,030

The following securities could potentially dilute basic earnings per share in the future, but were not included in the computation of diluted earnings (loss) per share because they were anti-dilutive:

(in thousands of units)	2019	2018
Potential dilutive securities		
Share options	1,286	1,772
Restricted share units	790	2,284
	2,076	4,056

16. SUPPLEMENTARY CASH FLOW INFORMATION

Non-Cash Investing and Financing Transactions

For the years ended December 31,	2019	2018
Interest capitalized to assets under construction (Note 22)	$ —	$ 8.3
Issue of common shares on vesting of restricted share units (Note 30(a))	$ 3.4	$ 2.3

Net Change in Working Capital

For the years ended December 31,		**2019**		2018
Net (increase) decrease in:				
Trade and other receivables	**$**	**18.0**	$	1.7
Inventories		**(1.5)**		(67.0)
Other assets		**10.6**		(28.0)
Net increase (decrease) in:				
Trade and other payables		**(56.5)**		(39.9)
Other liabilities		**(15.6)**		(2.3)
Movement in above related to foreign exchange		**(23.7)**		(26.6)
Net change in working capital (i)	**$**	**(68.7)**	$	(162.1)

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

Cash and Cash Equivalents

As at December 31,		**2019**		2018
Cash at bank	**$**	**156.3**	$	97.8
Bank short-term deposits		**2.5**		0.7
Total cash and cash equivalents (i)	**$**	**158.8**	$	98.5

(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.

Other Non-Cash Expenses

For the years ended December 31,		**2019**		2018
Loss on disposal and write-down of assets	**$**	**31.5**	$	19.7
Amortization of union negotiation bonuses		**10.0**		10.8
Provision on indirect taxes		**(2.5)**		13.0
Other expenses		**7.2**		6.9
Total non-cash expenses	**$**	**46.2**	$	50.4

Changes in Liabilities Arising from Financing Activities

The table below details changes in the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's consolidated statement of cash flows as cash flows from financing activities.

	2019			2018	
	Debt	**Accrued interest (i)**	**Lease liabilities**	Debt	Accrued interest (i)
At January 1,	**$ 1,758.7**	**$ 12.6**	**$ 41.8**	$ 1,857.7	$ 12.6
Changes from financing cash flows					
Debt issued	**240.0**	**—**	**—**	460.0	—
Debt repayments	**(952.5)**	**—**	**—**	(486.5)	—
Interest paid	**—**	**(80.0)**	**(4.4)**	—	(76.3)
Payment of lease liabilities	**—**	**—**	**(16.8)**	—	—
Other changes					
Interest expense	**—**	**71.8**	**4.4**	—	75.6
Capitalized interest	**—**	**—**	**—**	—	8.3
Capitalized interest paid	**—**	**—**	**—**	—	(6.3)
New leases	**—**	**—**	**26.2**	—	—
Changes arising from disposal of subsidiaries	**—**	**—**	**(7.7)**	(75.0)	—
Other	**1.7**	**(0.4)**	**—**	2.5	(1.3)
At December 31,	**$ 1,047.9**	**$ 4.0**	**$ 43.5**	$ 1,758.7	$ 12.6

(i) Included in *Note 25: Trade and Other Payables*.

17. FINANCIAL INSTRUMENTS

(a) Financial Assets and Financial Liabilities by Categories

As at December 31, 2019	**Amortized cost**	**FVOCI - equity instruments**	**Mandatorily at FVTPL - others**	**FV - Hedging Instruments**	**Total**
Financial assets					
Cash and cash equivalents	$ —	$ —	$ 158.8	$ —	**$ 158.8**
Trade and other receivables	3.4	—	—	—	**3.4**
Investments in equity securities (i)	—	8.4	—	—	**8.4**
Warrants	—	—	2.8	—	**2.8**
Derivative assets - Hedging instruments	—	—	—	0.1	**0.1**
Derivative assets - Non-hedge	—	—	3.8	—	**3.8**
Other financial assets	8.6	—	—	—	**8.6**
Total financial assets	**$ 12.0**	**$ 8.4**	**$ 165.4**	**$ 0.1**	**$ 185.9**
Financial liabilities					
Total debt	$ 1,047.9	$ —	$ —	$ —	**$ 1,047.9**
Trade and other payables	219.5	—	—	—	**219.5**
Derivative liabilities - Hedging instruments	—	—	—	1.8	**1.8**
Other financial liabilities	171.1	—	—	—	**171.1**
Total financial liabilities	**$ 1,438.5**	**$ —**	**$ —**	**$ 1.8**	**$ 1,440.3**

As at December 31, 2018	Amortized cost	FVOCI - equity instruments	Mandatorily at FVTPL - others	FV- Hedging instruments	Total
Financial assets					
Cash and cash equivalents	$ —	$ —	$ 98.5	$ —	**$ 98.5**
Trade and other receivables	10.3	—	—	—	**10.3**
Receivables from provisional metal 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	**$ 2,183.4**	**$ —**	**$ 0.6**	**$ 5.9**	**$ 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.

(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, 2019			December 31, 2018		
	Level 1 input	**Level 2 input**	**Aggregate fair value**	Level 1 input	Level 2 input	Aggregate fair value
Assets						
Cash and cash equivalents	**$ 158.8**	**$ —**	**$ 158.8**	$ 98.5	$ —	$ 98.5
Receivables from provisional metal sales	**—**	**—**	**—**	—	14.0	14.0
Investments in equity securities	**8.4**	**—**	**8.4**	9.1	—	9.1
Warrants	**—**	**2.8**	**2.8**	—	0.5	0.5
Derivative related assets	**—**	**3.9**	**3.9**	—	3.6	3.6
	$ 167.2	**$ 6.7**	**$ 173.9**	$ 107.6	$ 18.1	$ 125.7
Liabilities						
Derivative related liabilities	**$ —**	**$ 1.8**	**$ 1.8**	$ —	$ 6.5	$ 6.5
	$ —	**$ 1.8**	**$ 1.8**	$ —	$ 6.5	$ 6.5

At December 31, 2019, 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, 2019. At December 31, 2019, 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 Metal Sales
The Company's metal 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 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, 2019		December 31, 2018	
	Financial instrument classification	**Carrying amount**	**Fair value (i)**	Carrying amount	Fair value (i)
Debt					
Senior notes	Amortized cost	$ **1,051.3**	$ **1,042.2**	$ 1,465.3	$ 1,455.0

(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, 2019

				Notional Amount		
	Average call strike price (per USD)	**Average put strike price (per USD)**	**Remaining term**	**Cash flow hedge**	**Non-hedge**	**Fair value (USD)**
Currency contracts						
Option contracts						
BRL option contracts (millions) (i)	R$3.87	R$4.36	January - December 2020	**R$192.9**	**—**	**—**
BRL option contracts (millions) (i)	R$3.85	R$4.32	January - June 2021	**R$93.0**	**—**	**—**
Forward contracts	**Average FX/USD forward rate**					
BRL forward contracts (millions) (ii)	R$4.06		January - December 2020	**R$133.2**	**—**	**(0.1)**
CLP forward contracts (billions) (iii)	740.19		January - December 2020	**69.6**	**—**	**(1.2)**
BRL forward contracts (millions) (ii)	R$4.07		January - June 2021	**R$93.0**	**—**	**(0.4)**
Other	**Per share value (C$)**					
DSU contracts (millions of DSUs) (iv)	$3.5002		January - March 2020	**—**	**3.0**	**3.8**

(i) The Company has designated zero cost collar option contracts as cash flow hedges for its highly probable forecasted BRL 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 53% and 45% of the BRL denominated forecasted operating costs from January 2020 to December 2020 and January 2021 to June 2021, respectively.

(ii) On November 5 and 6, 2019, the Company entered into forward contracts totalling BRL 226.2 million (approximately US$56.5 million) split evenly from January 2020 to December 2020 as well as January 2021 to June 2021 at a weighted average BRL to US Dollar forward rate of BRL 4.06 per US Dollar. These forward contracts are expected to cover approximately 37% and 45% of the BRL denominated forecasted costs from January 2020 to December 2020 and January 2021 to June 2021 respectively.

(iii) On November 5 and 6, 2019, the Company entered into forward contracts totalling CLP 69.6 billion (approximately US$94.7 million) split evenly from January 2020 to December 2020 at a weighted average Chilean Peso to US Dollar forward rate of CLP 740.19 per US Dollar. These forward contracts are expected to cover approximately 58% of the Chilean Peso denominated forecasted costs from January 2020 to December 2020.

(iv) 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 the time) at a value of C$3.5002 per share.

Fair values of Derivatives

	Asset derivatives		Liability derivatives	
At as December 31,	**2019**	2018	**2019**	2018
Derivatives designated as hedging instruments				
Currency contracts	**$ 0.1**	$ 1.6	**$ 1.8**	$ 5.9
Total derivatives designated as hedging instruments	**$ 0.1**	$ 1.6	**$ 1.8**	$ 5.9
Derivatives not designated as hedging instruments				
Commodity contracts	**—**	2.0	**—**	—
DSU contracts	**3.8**	—	**—**	0.6
Total derivatives not designated as hedges	**$ 3.8**	$ 2.0	**$ —**	$ 0.6
Total derivative instruments (Note 20 and Note 26)	**$ 3.9**	$ 3.6	**$ 1.8**	$ 6.5

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,	**2019**	2018	**2019**	2018
Exchange rate risk				
Currency option contracts	**(4.3)**	(15.9)	**9.3**	3.4
	$ (4.3)	$ (15.9)	**$ 9.3**	$ 3.4
Time value of option contracts excluded from hedge relationship	**(1.3)**	5.4	**—**	—
	$ (5.6)	$ (10.5)	**$ 9.3**	$ 3.4

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,	**2019**	2018
Realized gains (losses)		
Commodity contracts	**2.9**	6.7
	$ 2.9	$ 6.7
Unrealized gains (losses)		
Foreign currency contracts	**$ —**	$ (0.5)
Commodity contracts	**(2.0)**	9.8
DSU contracts	**4.4**	(1.6)
	$ 2.4	$ 7.7

18. 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.

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.

(a) 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 17*.

The following table outlines the Company's exposure to currency risk and the pre-tax effects on net earnings and other comprehensive income 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 net earnings or other comprehensive income 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)	**2019**	2018	**2019**	2018
BRL	**$ 1.1**	$ 5.0	**$ 0.5**	$ 1.2
ARS	**$ 1.1**	$ 1.9	**$ —**	$ —
C$	**$ 5.1**	$ 2.9	**$ —**	$ —
CLP	**$ 2.6**	$ 5.6	**$ 0.1**	$ —

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.

(b) 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, silver and copper. 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. The Company periodically uses forward contracts to economically hedge against the risk of declining metal prices for a portion of its forecast sales.

No derivatives to hedge metal sales were outstanding at December 31, 2019. 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.

Interest Rate Risk

Interest rate risk is the risk that the fair values and future cash flows of the Company’s financial instruments will fluctuate because of changes in market interest rates. The Company monitors its exposure to interest rates and its exposures with a mix of fixed-and floating-rate debt. As at December 31, 2019, all of the Company’s long-term debt was at fixed rates. The Company's revolving credit facility, which is subject to floating rates of interest, was not drawn at December 31, 2019.

A 10% increase or decrease in the interest earned from financial institutions on deposits held would result in a nominal increase or decrease in the Company’s net earnings. There was no significant change in the Company’s exposure to interest rate risk during the year ended December 31, 2019.

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 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,		**2019**		2018
Cash and cash equivalents	**$**	**158.8**	$	98.5
Trade and other receivables		**3.4**		24.3
Derivative assets (Note 17)		**3.9**		3.6
Loans and other receivables		**8.6**		13.1
	$	**174.7**	$	139.5

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company has in place a rigorous planning, budgeting and forecasting process to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis, its expansionary plans and its dividend distributions. The Company ensures that sufficient committed loan facilities exist to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. Details of the undrawn credit facility are included in *Note 28*.

The following table summarizes the remaining contractual maturities of the Company's significant financial liabilities, shown in contractual undiscounted cash flows.

	2019					2018
As at December 31,	**Within 1 year**	**2 - 3 years**	**4 - 5 years**	**Over 5 years**	**Total**	Total
Trade and other payables	$ 219.5	$ —	$ —	$ —	$ 219.5	$ 294.8
Debt repayments	56.2	190.7	528.3	282.9	1,058.0	1,770.5
Interest payments on debt	48.4	88.7	51.1	38.7	226.9	437.2
Lease liabilities	19.6	20.0	9.6	1.6	50.8	—
Derivative liabilities	1.4	0.4	—	—	1.8	6.5
Other financial liabilities	59.2	8.0	0.2	61.9	129.3	129.9
Total	**$ 404.3**	**$ 307.8**	**$ 589.2**	**$ 385.1**	**$ 1,686.3**	$ 2,638.9

At December 31, 2019, the Company had letters of credit outstanding in the amount of $85.7 million (December 31, 2018: $71.0 million) of which $83.7 million (December 31, 2018: $71.0 million) represented guarantees for reclamation obligations. These letters of credit are automatically extended for one year periods from their expiration dates.

19. INVENTORIES

As at December 31,	**2019**	2018
Product inventories	**$ 23.8**	$ 55.8
Work in process	**9.0**	12.6
Ore stockpiles	**142.8**	209.0
Materials and supplies	**89.7**	95.6
	$ 265.3	$ 373.0
Less: non-current ore stockpiles included in other non-current assets (Note 21)	**(131.9)**	(192.0)
	$ 133.4	$ 181.0

For the year ended December 31, 2019, a total charge of $0.7 million was recorded to adjust inventory to net realizable value (2018: charge of $13.8 million), which is included in cost of sales excluding depletion, depreciation and amortization.

20. OTHER FINANCIAL ASSETS

As at December 31,	**2019**	2018
Derivative assets (Note 17)	**$ 3.9**	$ 3.6
Loans and other receivables	**8.6**	13.1
Investments in financial securities	**11.2**	9.6
	$ 23.7	$ 26.3
Current	**$ 8.5**	$ 7.4
Non-current	**15.2**	18.9
	$ 23.7	$ 26.3

21. OTHER ASSETS

As at December 31,	**2019**	2018
Non-current portion of ore stockpiles (Note 19) (i)	**$ 131.9**	$ 192.0
Income tax recoverable and installments	**1.8**	9.3
Tax credits recoverable (ii)	**64.6**	95.2
Advances and deposits	**36.2**	42.9
Other long-term advances	**17.2**	12.7
	$ 251.7	$ 352.1
Current	**$ 97.5**	$ 118.0
Non-current	**154.2**	234.1
	$ 251.7	$ 352.1

(i) Non-current ore stockpiles represent material not scheduled for processing within the next twelve months at certain of the Company's mines. At December 31, 2018, the balance included non-current ore stockpiles at the Company's Chapada, Jacobina and Canadian Malartic mines. At December 31, 2019, the balance no longer includes non-current ore stockpiles at the Company's Chapada mine, which was sold on July 5, 2019. Refer *Note 6*.

(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.

22. PROPERTY, PLANT AND EQUIPMENT

	Mining properties					
	Depletable	**Non-depletable**	**Land, building, plant & equipment**	**Construction in progress**	**Exploration & evaluation**	**Total**
Cost						
At January 1, 2019	**$ 5,379.8**	**$ 1,413.5**	**$ 2,182.7**	**$ —**	**$ 3,487.4**	**$ 12,463.4**
Additions	**138.6**	**73.5**	**38.0**	**25.7**	**57.9**	**333.7**
Reclassifications, transfers and other non-cash movements (ii)	**93.3**	**(100.9)**	**(62.6)**	**60.7**	**95.6**	**86.1**
Gross cost reclassified as held for sale and disposals	**(469.6)**	**(8.7)**	**(637.8)**	**—**	**(64.2)**	**(1,180.3)**
At December 31, 2019	**$ 5,142.1**	**$ 1,377.4**	**$ 1,520.3**	**$ 86.4**	**$ 3,576.7**	**$ 11,702.9**
Accumulated depletion, depreciation and amortization ("DDA") and impairment						
At January 1, 2019	**$ (3,269.3)**	**$ (316.5)**	**$ (1,279.2)**	**$ —**	**$ (901.9)**	**$ (5,766.9)**
DDA	**(315.0)**	**—**	**—**	**—**	**(154.2)**	**(469.2)**
Gross accumulated DDA and impairment eliminated on reclassification as held for sale and disposals	**119.7**	**—**	**—**	**—**	**366.4**	**486.1**
At December 31, 2019	**$ (3,464.6)**	**$ (316.5)**	**$ (1,279.2)**	**$ —**	**$ (689.7)**	**$ (5,750.0)**
Carrying amount, December 31, 2019	**$ 1,677.5**	**$ 1,060.9**	**$ 241.1**	**$ 86.4**	**$ 2,887.0**	**$ 5,952.9**

	Mining properties: Depletable	Mining properties: Non-depletable	Land, building, plant & equipment	Construction in progress (i)	Exploration & evaluation	Total
Cost						
At January 1, 2018	$ 5,527.0	$ 1,708.6	$ 2,490.4	$ 261.6	$ 3,449.5	$ 13,437.1
Additions	148.0	130.4	64.0	58.6	14.5	415.5
Reclassification, transfers and other non-cash movements (ii)	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 (iii)	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

(i) During 2018, the Company capitalized interest of $8.3 million related to qualifying capital expenditures at Cerro Moro at a weighted average capitalization rate of 4.59%. There was no interest capitalized in 2019.

(ii) Reclassifications, transfers and other non-cash movements includes non-cash additions to PPE and changes in the environmental rehabilitation provision as per *Note 29*.

(iii) During the year ended December 31, 2018, 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. Refer to *Note 13* for additional details.

(iv) In addition to entering into various operational commitments in the normal course of business, the Company had commitments of approximately $9.4 million at December 31, 2019 (December 31, 2018: $17.4 million) for construction activities at its sites and projects.

23. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill (i)	Other intangible assets (ii)	Total
Cost			
At January 1, 2019	$ 403.7	$ 77.6	$ 481.3
Dispositions	—	(1.6)	(1.6)
At December 31, 2019	**$ 403.7**	**$ 76.0**	**$ 479.7**
Accumulated amortization and impairment			
At January 1, 2019	**$ (45.0)**	**$ (36.5)**	**$ (81.5)**
Amortization	**—**	**(6.0)**	**(6.0)**
At December 31, 2019	**$ (45.0)**	**$ (42.5)**	**$ (87.5)**
Net book value at December 31, 2019	**$ 358.7**	**$ 33.5**	**$ 392.2**

	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 13)	(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

(i) Goodwill represents the excess of the purchase cost over the fair value of net assets acquired in 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. In March 2018, the Company sold certain jointly owned exploration properties of the Canadian Malartic Corporation, and derecognized $24.0 million of goodwill allocated to the exploration properties, which had been reclassified as held for sale in December 2017. Refer to *Note 6*.

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

24. INVESTMENT IN ASSOCIATE

Details of the Company's investment in associate as at December 31, 2019 and 2018 are as follows:

Name of Associate	Principal activity	Country of incorporation	Principal place of business	% ownership interest 2019	% ownership interest 2018	Quoted fair value (ii) 2019	Quoted fair value (ii) 2018	Carrying amount 2019	Carrying amount 2018
Leagold Mining Corporation (i)	Gold mining	Canada	Brazil, Mexico	**20.4 %**	20.5 %	**$ 144.5**	$ 73.7	**$ 120.3**	$ 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*.

(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, 2019, 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, 2019 have been used and appropriate adjustments have been made for the effects of significant transactions between that date and December 31, 2019.

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

	2019	2018
Balance as at January 1	**$ 146.0**	$ —
Acquisition of interest in Leagold (Note 6)	**—**	140.5
Company's share of net (loss) earnings of Leagold	**(16.3)**	5.5
Company's share of other comprehensive loss of Leagold	**(9.4)**	—
Balance as at December 31	**$ 120.3**	$ 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,	2019	2018
Current assets	**$ 238.8**	$ 190.0
Non-current assets	**800.4**	852.2
Total assets	**$ 1,039.2**	$ 1,042.2
Current liabilities	**111.1**	142.4
Non-current liabilities	**440.8**	317.1
Total liabilities	**$ 551.9**	$ 459.5
Net assets of associate	**$ 487.3**	$ 582.7
Yamana's share of net assets	**$ 99.4**	$ 119.5
Goodwill	**26.5**	26.5
Other equity adjustments	**(5.6)**	—
Carrying Amount	**$ 120.3**	$ 146.0

Summarized consolidated statement of operations and comprehensive (loss) income information

For the year ended December 31,	2019	2018
Revenue	**$ 519.1**	$ 344.8
Net (loss) earnings	**(79.9)**	26.8
Other comprehensive loss	**(46.1)**	—
Total comprehensive (loss) income	**$ (126.0)**	$ 26.8

25. TRADE AND OTHER PAYABLES

As at December 31,		**2019**		2018
Trade payables	**$**	**153.9**	$	221.3
Other payables (i)		**65.6**		73.5
	$	**219.5**	$	294.8

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

26. OTHER FINANCIAL LIABILITIES

As at December 31,		**2019**		2018
Lease liabilities (Note 34) (i)	**$**	**43.5**	$	—
Royalty payable (ii)		**9.6**		16.8
Severance accrual		**33.2**		33.9
Deferred share units/performance share units liability (Note 31)		**28.0**		18.6
Accounts receivable and value added tax financing credit (iii)		**34.5**		40.6
Current portion of long-term debt (Note 28)		**56.2**		1.9
Derivative liabilities (Note 17)		**1.8**		6.5
Other		**22.3**		20.0
	$	**229.1**	$	138.3
Current	**$**	**131.1**	$	62.3
Non-current		**98.0**		76.0
	$	**229.1**	$	138.3

(i) Lease liabilities were recognized in connection with the adoption of IFRS 16. Refer to *Note 5* for further information.

(ii) 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 $5.5 million as at December 31, 2019.

(iii) Accounts receivable and value added tax ("VAT") financing credits are payable within 30 days from the receipt of proceeds on doré or concentrate sales, or payable in the month of approval of the VAT credit, respectively.

27. OTHER PROVISIONS AND LIABILITIES

As at December 31,		**2019**		2018
Other taxes payable	**$**	**19.3**	$	17.4
Provision for repatriation taxes payable (i)		**27.9**		23.8
Provision for taxes		**10.8**		21.9
Deferred revenue on metal streaming agreements (ii)		**89.2**		228.3
Deferred revenue on advanced metal sales (iii)		**—**		52.3
Other provisions and liabilities (iv)		**35.4**		52.2
	$	**182.6**	$	396.0
Current	**$**	**39.5**	$	106.8
Non-current		**143.1**		289.2
	$	**182.6**	$	396.0

(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 $27.9 million (December 31, 2018: $23.8 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. 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 the respective counterparties. The Company's Chapada mine was sold in July 2019, and accordingly, the deferred revenue balances relating to future copper deliveries from Chapada were derecognized. The following table summarizes the changes in deferred revenue from metal streaming arrangements:

		2019
As at December 31, 2018	**$**	**228.3**
Recognition of revenue during the year net of interest accretion		(9.7)
Reclassified as held for sale in conjunction with the sale of the Chapada mine		(129.4)
	$	**89.2**
Current portion	$	11.7
Non-current portion		77.5
As at December 31, 2019	**$**	**89.2**

(iii) 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 was accounted for as deferred revenue, with revenue recognized as copper was delivered to the counterparty. The Company made the final delivery under the agreement in June 2019, reducing the deferred liability to nil.

(iv) Other provisions and liabilities include the short term portion of the environmental rehabilitation provision, and provisions relating to silicosis and other. Decrease during the year reflects, settlements, change in provisions and the depreciation of local currencies.

28. LONG-TERM DEBT AND CREDIT FACILITY

As at December 31,		**2019**		2018
Senior Notes				
$300 million notes issued December 2017				
4.625% 10-year notes due December 2027	**$**	**280.1**	$	296.8
$500 million notes issued June 2014				
4.95% 10-year notes due July 2024		**149.2**		496.8
$300 million notes issued June 2013				
Series B - 4.78% 10-year notes due June 2023 ($265 million)		**240.2**		260.4
$500 million notes issued March 2012				
Series B - 4.36% 8-year notes due March 2020 ($85 million)		**56.2**		84.0
Series C - 4.76% 10-year notes due March 2022 ($200 million)		**190.3**		192.1
Series D - 4.91% 12-year notes due March 2024 ($140 million)		**135.3**		135.2
		1,051.3		1,465.3
Revolving Credit Facility				
Revolving credit facility (net of capitalized debt issuance costs)		**(3.4)**		291.5
Debt from 50% interest in Canadian Malartic		**—**		1.9
Total debt (i)	**$**	**1,047.9**		1,758.7
Less: current portion of long-term debt (Note 26)		**(56.2)**		(1.9)
Long-term debt	**$**	**991.7**		1,756.8

(i) Balances are net of unamortized discounts and capitalized transaction costs of $10.1 million (December 31, 2018: $11.8 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. In the third quarter of 2019, the Company repaid principal in the amount of $415.6 million, using proceeds received from the sale of the Chapada mine (refer *Note 6*).

Revolving credit facility

In July 2019, the Company extended the term of the revolving credit facility ("the Facility") from June 2023 to July 2024, under existing terms and conditions, and the maximum amount available under the Facility was reduced from $1.0 billion to $750.0 million. The 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. The Company drew $120.0 million during the first quarter of 2019, repaid $30.0 million during the second quarter of 2019, and repaid the full outstanding balance of $385.0 million during the third quarter of 2019 using proceeds received from the sale of the Chapada mine (refer to *Note 6*).

Covenants

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, 2019.

29. ENVIRONMENTAL REHABILITATION PROVISION

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

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

At December 31, 2019, the present value of the environmental rehabilitation provision relating to the Company's mining properties was estimated at $220.4 million (December 31, 2018: $250.3 million) using discount rates ranging between 1.77% and 16.16% (December 31, 2018: 2.14% and 11.41%). The undiscounted value of these liabilities was $272.0 million (December 31, 2018: $365.1 million).

The following table reconciles the beginning and ending carrying amounts of the Company's environmental rehabilitation provision. The majority of the expenditures are expected to take place over the next 100 years. Certain obligations related to post closure monitoring and maintenance at the Company's Chilean mines are expected to continue in perpetuity.

	2019	2018
Balance, beginning of year	**$ 250.3**	$ 274.3
Accretion expense included in finance costs	**12.1**	14.9
Revisions in estimates and obligations	**25.9**	31.2
Expenditures during the current year	**(4.3)**	(5.3)
Foreign exchange impact	**(3.8)**	(30.6)
Reclassified to liabilities relating to assets held for sale	**(59.8)**	(34.2)
Balance, end of year	**$ 220.4**	$ 250.3
Current (i)	**$ 5.7**	$ 9.1
Non-current	**214.7**	241.2
	$ 220.4	$ 250.3

(i) The current portion of the environmental rehabilitation provision is included in the current portion of Other Provisions and Liabilities. Refer to *Note 27*.

Regulatory authorities in certain jurisdictions require that security be provided to cover the estimated environmental rehabilitation obligations. As at December 31, 2019, the Company had outstanding letters of credit in the amount of $70.1 million (C$91.1 million) (December 31, 2018: $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 (December 31, 2018: $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.

30. SHARE CAPITAL

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, 2019 (2018: nil). Under the Company's normal course issuer bid, the Company is able to purchase up to 47,513,266 common shares no later than May 5, 2020.

For the years ended December 31,	**2019**		2018	
Issued and outstanding - 950,435,244 common shares	**Number of common shares**	**Amount**	Number of common shares	Amount
(December 31, 2018 - 949,341,830 common shares):	***(In thousands)***	***(In millions)***	*(In thousands)*	*(In millions)*
Balance, beginning of year	**949,342**	**$ 7,636.4**	948,525	$ 7,633.7
Issued on vesting of restricted share units	**1,021**	**3.4**	687	2.3
Dividend reinvestment plan (i)	**77**	**0.2**	130	0.4
Share cancellations (ii)	**(5)**	**(0.1)**	—	—
Balance, end of year	**950,435**	**$ 7,639.9**	949,342	$ 7,636.4

(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, 2019, a total of 4,638,861 shares have subscribed to the plan.

(ii) During the year ended December 31, 2019, the Company cancelled 5,042 common shares that related to entitlement from un-exchanged predecessor shares following the expiry of the period of surrender.

Dividends Paid and Declared

For the years ended December 31,	**2019**	2018
Dividends paid	**$ 23.7**	$ 19.0
Dividends declared in respect of the year	**$ 28.8**	$ 19.2
Dividend paid *(per share)*	**$ 0.03**	$ 0.02
Dividend declared in respect of the year *(per share)*	**$ 0.03**	$ 0.02

31. 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,	**2019**	2018
Expense related to equity-settled compensation plans	**$ 4.6**	$ 5.2
Expense related to cash-settled compensation plans	**10.4**	0.1
Total expense recognized as compensation expense	**$ 15.0**	$ 5.3

As at December 31,	**2019**	2018
Total carrying amount of liabilities for cash-settled arrangements (Note 26)	**$ 28.0**	$ 18.6

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

As at December 31, (In thousands)	**2019**	2018
Share options outstanding (i)(ii)(iii)	**1,286**	1,772
Restricted share units ("RSU") (iv)	**2,448**	2,284
Deferred share units ("DSU") (v)	**4,881**	4,802
Performance share units ("PSU") (vi)	**2,274**	2,457

(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 (2018: 24.9 million).

(ii) As at December 31, 2019, 1,286,448 share options with a weighted average exercise price of C$7.98 were outstanding and exercisable (December 31, 2018: 1,772,365 share options with a weighted exercise price of C$7.80 outstanding and exercisable).

(iii) During the year ended December 31, 2019, no share options were granted, and 485,917 share options expired.

(iv) During the year ended December 31, 2019, the Company granted 1,240,135 RSUs with a weighted average grant date fair value of C$3.45 per RSU; a total of 1,021,282 RSUs vested and the Company credited $3.4 million (2018: $2.3 million) to share capital in respect of RSUs that vested during the year. There were a total of 54,873 RSUs cancelled during the year ended December 31, 2019.

(v) During the year ended December 31, 2019, the Company granted 490,576 DSUs and recorded an expense of $1.3 million, and 411,790 DSUs were settled. 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 the time) at a value of C$3.5002 per share. For the year ended December 31, 2019, the Company recorded a mark-to-market loss on DSUs of $7.1 million and a mark-to-market gain on the DSU hedge of $4.4 million.

(vi) During the year ended December 31, 2019, 1,094,266 PSU units were granted with an expiry date of December 31, 2021 and a fair value of C$6.76 per unit at December 31, 2019. There were payouts of 1,226,393 PSU units and cancellation of 51,280 PSU units during the year ended December 31, 2019.

32. NON-CONTROLLING INTERESTS

As at December 31,		**2019**		2018
Agua De La Falda S.A. (i)	**$**	**18.7**	$	18.7
Estelar Resources Ltd. (ii)		**16.0**		16.0
	$	**34.7**	$	34.7

(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) 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.

33. 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 *Notes 30* and *28*, 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.

34. LEASES

Leases under IFRS 16 (from January 1, 2019)

A significant proportion of the Company’s lease arrangements, by value, relate to equipment and vehicles used at the Company's mine sites. Other leases include offices and various IT equipment. The majority of lease terms are negotiated through the Company’s procurement function, although agreements contain a wide range of different terms and conditions. Information about leases for which the Company is a lessee is presented below.

(a) Right-of-use assets

		Buildings		**Vehicles**		**Machinery and Equipment**		**Total**
Balance at January 1, 2019	$	5.3	$	17.0	$	19.2	**$**	**41.5**
Additions		2.9		8.0		15.3		**26.2**
Depreciation charge for the year		(1.1)		(7.0)		(9.1)		**(17.2)**
Net right-of-use assets reclassified to assets held for sale		—		(4.5)		(2.7)		**(7.2)**
Balance at December 31, 2019	**$**	**7.1**	**$**	**13.5**	**$**	**22.7**	**$**	**43.3**

(b) Lease liabilities

		2019
Maturity analysis - contractual undiscounted cash flows		
Less than one year	$	19.6
Two to three years		20.0
Four to five years		9.6
More than five years		1.6
Total undiscounted lease liabilities at December 31	$	50.8
Lease liabilities included in the balance sheet at December 31 (Note 26)	**$**	**43.5**
Current	$	15.5
Non-current	$	28.0

(c) Amounts recognized in net earnings

		2019
Depreciation expense on right-of-use assets	$	17.2
Interest expense on lease liabilities (Note 12)	$	4.4
Variable lease payments not included in the measurement of lease liabilities (i)	$	73.8
Expenses relating to short-term leases	$	32.9
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	$	1.9

(i) Certain of the equipment leases in which the Company is the lessee contain variable lease payment terms that are linked to the usage of the equipment (i.e. tonnes mined), either for the contract as a whole or only when a fixed minimum is exceeded. Variable payment terms are used to link rental payments to usage and reduce fixed costs. The Company expects the level of variable lease payments to remain broadly consistent in future years.

(d) Amounts recognized in the consolidated statement of cash flows

		2019
Total cash outflow for leases	$	129.9

Operating leases under IAS 17 (prior to January 1, 2019)

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
Within 1 year	$	2.2
Between 1 and 5 years		8.7
After 5 years		3.9
	$	14.8

The total operating lease payments that were expensed during 2018 amounted to $2.3 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 Condensed Consolidated Interim 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 Condensed Consolidated Interim Financial Statements of the Company may be material.

Canadian Malartic

On August 2, 2016, Canadian Malartic General Partnership (the “Partnership”), 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 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 rather added new allegations in an attempt to recapture the pre-transaction period. On July 19, 2019, the Court refused to add back the pre-transaction period based on these new allegations. An application for leave to appeal was filed by the Plaintiff.

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 Partnership has reviewed the injunction request and filed a motion for the dismissal of the application for injunction.

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. Following a hearing on the merits in Fall 2018, the Superior Court dismissed the judicial review on May 13, 2019. An application for leave to appeal was filed by the Plaintiff on June 20, 2019 and allowed on September 19, 2019.

On October 15, 2019, an agreement in principle was announced by the parties with respect to the class action, the permanent injunction and the judicial review proceedings. A formal settlement agreement was executed on November 11, 2019 and approved by the Court on December 13, 2019. This agreement includes: (i) the reopening of the 2013 to 2018 compensation periods of the Guide for the benefits of the residents who did not individually settle for these periods under the Guide; (ii) the implementation of a new $1.5 to $1.7 million renovation program for the benefit of property owners in the South sector, whether they are class members or not; (iii) the full and final release of the Partnership for the class action period; (iv) the current compensations under the Guide as a threshold for the three upcoming compensation years (2019 to 2021); and (v) the Plaintiff’s withdrawal from the injunction and the judicial review proceedings. The Court also approved other considerations agreed by the parties before and during the settlement approval hearing held on December 11, 2019: (i) the reimbursement by the Partnership of $84,622.92 to the Fonds d’aide aux actions collectives on behalf of the Plaintiff; (ii) the installation of two temporary measuring stations to monitor dust and noise at the Chemin des Merles, located south of the tailings site; and (iii) the addition of a new zone in the Guide to compensate the residents of the Chemin des Merles. As no appeal was filed, the judgement approving the settlement is definitive and the Plaintiff consequently withdrew from the injunction and the judicial review proceedings on January 20, 2020.

36. RELATED PARTY TRANSACTIONS

Related Parties and Transactions

The Company’s related parties include its subsidiaries, associate, joint arrangement in which the Company is a joint operator, and key management personnel. During its normal course of operations, 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, 2019 and 2018.

Compensation of Key Management Personnel

Key management personnel compensation comprises:

For the years ended December 31,	**2019**	2018
Short-term employee benefits (i)	**$ 14.2**	$ 14.9
Post-employment benefits	**1.7**	1.9
Termination benefits	**3.4**	3.7
Share-based payments (ii)	**9.6**	4.7
	$ 28.9	$ 25.2

(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.

37. SUBSEQUENT EVENTS

On December 16, 2019, Equinox Gold Corp. ("Equinox") and Leagold jointly announced that the companies had entered into a definitive agreement to combine in an at-market merger. Pursuant to the transaction, Leagold shareholders will receive 0.331 of an Equinox share for each Leagold share held. At closing, existing Equinox and Leagold shareholders will own approximately 55% and 45% of the merged company, respectively, on an issued share basis, with Yamana owning approximately 9% of the combined company. The combined company will continue as Equinox Gold under the ticker symbol “EQX” on both the Toronto Stock Exchange and the NYSE American Stock Exchange. On January 28, 2020, both Leagold and Equinox held special meetings at which shareholders of both companies approved the transaction. The transaction is expected to close in February 2020, subject to regulatory approvals, including approvals from the TSX, the NYSE-A and other customary conditions.

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’’): 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, 2019 and December 31, 2018 and the Consolidated Statements of Operations, Consolidated Statements of Comprehensive Earnings (Loss) and Consolidated Statements of Cash Flows for the years ended December 31, 2019 and December 31, 2018. 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, 2019	Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 121.3	$ 5.8	$ 31.7	$ —	$ 158.8
Trade and other receivables	0.6	1.4	1.4	—	3.4
Inventories	9.3	59.6	64.5	—	133.4
Other financial assets	4.6	—	3.9	—	8.5
Other assets	3.2	22.5	71.8	—	97.5
Intercompany receivables	—	79.4	71.7	(151.1)	—
	$ 139.0	**$ 168.7**	**$ 244.9**	**$ (151.1)**	**$ 401.6**
Non-current assets:					
Property, plant and equipment	78.1	1,910.3	3,964.6	—	5,952.9
Goodwill and other intangible assets	28.4	1.2	362.6	—	392.2
Investment in associate and subsidiaries	4,936.7	516.5	—	(5,332.9)	120.3
Deferred tax assets	64.1	6.1	10.6	—	80.8
Other financial assets	9.1	1.2	4.9	—	15.2
Other assets	—	9.7	144.5	—	154.2
Intercompany receivables	211.6	922.9	—	(1,134.5)	—
Total assets	**$ 5,467.0**	**$ 3,536.6**	**$ 4,732.1**	**$ (6,618.5)**	**$ 7,117.2**
Liabilities					
Current liabilities:					
Trade and other payables	$ 33.7	$ 94.7	$ 91.1	$ —	$ 219.5
Income taxes payable	—	15.4	2.9	—	18.3
Other financial liabilities	76.1	37.7	17.3	—	131.1
Other provisions and liabilities	1.3	8.5	29.7	—	39.5
Intercompany payables	151.1	—	—	(151.1)	—
	$ 262.2	**$ 156.3**	**$ 141.0**	**$ (151.1)**	**$ 408.4**
Non-current liabilities:					
Long-term debt	991.7	—	—	—	991.7
Environmental rehabilitation provision	—	111.8	102.9	—	214.7
Deferred tax liabilities	(1.1)	264.2	778.3	—	1,041.4
Other financial liabilities	29.0	45.6	23.4	—	98.0
Other provisions and liabilities	—	41.0	102.1	—	143.1
Intercompany payables	—	1,461.5	(327.0)	(1,134.5)	—
Total liabilities	**$ 1,281.8**	**$ 2,080.4**	**$ 820.7**	**$ (1,285.6)**	**$ 2,897.3**
Equity					
Equity attributable to Yamana Gold Inc. equity holders	$ 4,185.2	$ 1,456.2	$ 3,876.7	$ (5,332.9)	$ 4,185.2
Non-controlling interests	—	—	34.7	—	34.7
Total equity	**$ 4,185.2**	**$ 1,456.2**	**$ 3,911.4**	**$ (5,332.9)**	**$ 4,219.9**
Total liabilities and equity	**$ 5,467.0**	**$ 3,536.6**	**$ 4,732.1**	**$ (6,618.5)**	**$ 7,117.2**

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	$ 9.5	$ 21.4	$ —	$ 98.5
Trade and other receivables	14.5	2.2	7.6	—	24.3
Inventories	6.7	56.9	117.4	—	181.0
Other financial assets	3.6	—	3.8	—	7.4
Other assets	2.4	32.6	83.0	—	118.0
Intercompany receivables	—	(10.5)	292.5	(282.0)	—
	$ 94.8	**$ 90.7**	**$ 525.7**	**$ (282.0)**	**$ 429.2**
Non-current assets:					
Property, plant and equipment	73.7	1,904.7	4,718.0	—	6,696.4
Goodwill and other intangible assets	31.5	4.0	364.3	—	399.8
Investment in associate and subsidiaries	4,824.1	494.1	—	(5,172.2)	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	—	21.4	212.7	—	234.1
Intercompany receivables	1,069.9	1,193.2	—	(2,263.1)	—
Total assets	**$ 6,176.5**	**$ 3,719.4**	**$ 5,834.3**	**$ (7,717.3)**	**$ 8,012.9**
Liabilities					
Current liabilities:					
Trade and other payables	$ 61.1	$ 102.2	$ 131.5	$ —	$ 294.8
Income taxes payable	—	(2.9)	35.4	—	32.5
Other financial liabilities	5.9	1.5	54.9	—	62.3
Other provisions and liabilities	59.6	10.2	37.0	—	106.8
Intercompany payables	282.0	—	—	(282.0)	—
	$ 408.6	**$ 111.0**	**$ 258.8**	**$ (282.0)**	**$ 496.4**
Non-current liabilities:					
Long-term debt	1,756.8	—	—	—	1,756.8
Environmental rehabilitation provision	—	88.8	152.4	—	241.2
Deferred tax liabilities	2.3	259.9	867.1	—	1,129.3
Other financial liabilities	19.5	32.3	24.2	—	76.0
Other provisions and liabilities	—	36.2	253.0	—	289.2
Intercompany payables	—	1,630.5	632.6	(2,263.1)	—
Total liabilities	**$ 2,187.2**	**$ 2,158.7**	**$ 2,188.1**	**$ (2,545.1)**	**$ 3,988.9**
Equity					
Equity attributable to Yamana Gold Inc. equity holders	$ 3,989.3	$ 1,560.7	$ 3,611.5	$ (5,172.2)	$ 3,989.3
Non-controlling interests	—	—	34.7	—	34.7
Total equity	**$ 3,989.3**	**$ 1,560.7**	**$ 3,646.2**	**$ (5,172.2)**	**$ 4,024.0**
Total liabilities and equity	**$ 6,176.5**	**$ 3,719.4**	**$ 5,834.3**	**$ (7,717.3)**	**$ 8,012.9**

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the year ended December 31, 2019	Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Revenue	$ 1,588.0	$ 1,051.4	$ 985.1	$ (2,012.3)	$ 1,612.2
Cost of sales excluding depletion, depreciation and amortization	(1,552.2)	(756.5)	(490.9)	2,016.8	(782.8)
Gross margin excluding depletion, depreciation and amortization	**$ 35.8**	**$ 294.9**	**$ 494.2**	**$ 4.5**	**$ 829.4**
Depletion, depreciation and amortization	(7.5)	(194.4)	(269.8)	—	(471.7)
Impairment of mining properties and goodwill, net	—	—	—	—	—
Mine operating earnings/(loss)	**28.3**	**100.5**	**224.4**	**4.5**	**357.7**
Expenses (i)					
General and administrative	(56.5)	(15.7)	(7.2)	—	(79.4)
Exploration and evaluation	(1.5)	(1.4)	(7.4)	—	(10.3)
Share of (loss) earnings of associate	(151.3)	22.4	—	112.6	(16.3)
Other operating income (expenses), net	133.0	(15.9)	105.3	—	222.4
Impairment of non-operating mining properties	—	—	—	—	—
Operating earnings (loss)	**(48.0)**	**89.9**	**315.1**	**117.1**	**474.1**
Finance costs	(113.2)	(111.3)	(476.9)	557.2	(144.2)
Other income (costs), net	399.3	62.4	75.9	(557.2)	(19.6)
Earnings (loss) before taxes	**238.1**	**41.0**	**(85.9)**	**117.1**	**310.3**
Current income tax expense	(5.0)	(26.9)	(63.1)	—	(95.0)
Deferred income tax recovery	(7.5)	(15.8)	33.6	—	10.3
Income tax (expense) recovery	(12.5)	(42.7)	(29.5)	—	(84.7)
Net earnings (loss)	**$ 225.6**	**$ (1.7)**	**$ (115.4)**	**$ 117.1**	**$ 225.6**
Attributable to:					
Yamana Gold Inc. equity holders	225.6	(1.7)	(115.4)	117.1	225.6
Non-controlling interests	—	—	—	—	—
Net earnings (loss)	**225.6**	**(1.7)**	**(115.4)**	**117.1**	**225.6**
Total other comprehensive loss	**$ (5.0)**	**$ —**	**$ —**	**$ —**	**$ (5.0)**
Total comprehensive earnings	**$ 220.6**	**$ (1.7)**	**$ (115.4)**	**$ 117.1**	**$ 220.6**

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

For the year ended December 31, 2018		Yamana Gold Inc. (parent)		Guarantor subsidiaries		Non-guarantors		Eliminations and reclassifications		Consolidated
Revenue	$	1,654.0	$	942.6	$	1,243.7	$	(2,041.8)	$	1,798.5
Cost of sales excluding depletion, depreciation and amortization		(1,631.2)		(759.9)		(676.5)		2,057.6		(1,010.0)
Gross margin excluding depletion, depreciation and amortization	**$**	**22.8**	**$**	**182.7**	**$**	**567.2**	**$**	**15.8**	**$**	**788.5**
Depletion, depreciation and amortization		(7.8)		(173.5)		(257.0)		—		(438.3)
Impairment of mining properties and goodwill, net		**—**		(1.0)		(148.0)		—		(149.0)
Mine operating earnings/(loss)		**15.0**		**8.2**		**162.2**		**15.8**		**201.2**
Expenses (i)										
General and administrative		(50.4)		(18.2)		(23.2)		—		(91.8)
Exploration and evaluation		(0.9)		(2.4)		(9.7)		—		(13.0)
Share of (loss) earnings of associate		(293.8)		(45.0)		(0.5)		344.8		5.5
Other operating income (expenses), net		19.1		(12.3)		2.5		—		9.3
Impairment of non-operating mining properties		—		—		(153.0)		—		(153.0)
Operating earnings (loss)		**(311.0)**		**(69.7)**		**(21.7)**		**360.6**		**(41.8)**
Finance costs		(109.0)		(268.8)		(232.9)		473.3		(137.4)
Other income (costs), net		126.6		88.1		261.1		(473.3)		2.5
(Loss) earnings before taxes		**(293.4)**		**(250.4)**		**6.5**		**360.6**		**(176.7)**
Current income tax expense		(6.8)		(3.8)		(128.2)		—		(138.8)
Deferred income tax recovery		2.4		(20.2)		35.6		—		17.8
Income tax expense, net		(4.4)		(24.0)		(92.6)		—		(121.0)
Net (loss) earnings	$	**(297.8)**	$	**(274.4)**	$	**(86.1)**	$	**360.6**	$	**(297.7)**
Attributable to:										
Yamana Gold Inc. equity holders		(297.8)		(274.4)		(73.0)		360.6		(284.6)
Non-controlling interests		—		—		(13.1)		—		(13.1)
Net (loss) earnings		**(297.8)**		**(274.4)**		**(86.1)**		**360.6**		**(297.7)**
Total other comprehensive loss	**$**	**(10.5)**	**$**	**—**	**$**	**(0.7)**	**$**	**0.7**	**$**	**(10.5)**
Total comprehensive loss	**$**	**(308.3)**	**$**	**(274.4)**	**$**	**(86.8)**	**$**	**361.3**	**$**	**(308.2)**

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31, 2019	**Yamana Gold Inc. (parent)**	**Guarantor subsidiaries**	**Non-guarantors**	**Eliminations and reclassifications**	**Consolidated**
Operating activities					
Earnings before taxes	$ 238.1	$ 41.0	$ (85.9)	$ 117.1	$ 310.3
Adjustments to reconcile earnings before taxes to net operating cash flows:					
Depletion, depreciation and amortization	7.5	194.4	269.8	—	471.7
Share-based payments	14.4	—	0.6	—	15.0
Other (income) costs, net	(399.3)	(62.4)	(75.9)	557.2	19.6
Finance costs	113.2	111.3	476.9	(557.2)	144.2
Mark-to-market on financial assets and metal concentrates	(4.7)	—	—	—	(4.7)
Share of earnings of associate	151.3	(22.4)	—	(112.6)	16.3
Impairment of mineral properties, net	—	—	—	—	—
Amortization of deferred revenue on metal purchase agreements	(59.1)	—	(20.3)	—	(79.4)
Gain on asset disposals	(150.1)	—	(123.0)	—	(273.1)
Other non-cash (recoveries)/expenses	4.2	25.0	17.0		46.2
Advanced payments received on metal purchase agreements	—	—	—	—	—
Environmental rehabilitation provision	—	(1.9)	(2.4)	—	(4.3)
Other payments	—	—	(8.3)	—	(8.3)
Cash flows from operating activities before income taxes paid and net change in working capital	**$ (84.5)**	**$ 285.0**	**$ 448.5**	**$ 4.5**	**$ 653.5**
Income taxes paid	—	1.6	(64.6)		(63.0)
Cash flows from operating activities before net change in working capital	**$ (84.5)**	**$ 286.6**	**$ 383.9**	**$ 4.5**	**$ 590.5**
Net change in working capital	(1.6)	0.7	(67.8)	—	(68.7)
Intercompany movement in operations	(125.4)	(82.4)	207.8	—	—
Cash flows (used in) from operating activities	**$ (211.5)**	**$ 204.9**	**$ 523.9**	**$ 4.5**	**$ 521.8**
Investing activities					
Acquisition of property, plant and equipment	$ (6.1)	$ (145.5)	$ (180.1)	$ —	$ (331.7)
Net proceeds on disposal of subsidiaries and other assets	166.9	0.2	657.9	—	825.0
Cash flows (used in) from other investing activities	1.0	—	(62.3)	—	(61.3)
Cash flows (used in) from investing activities	**$ 161.8**	**$ (145.3)**	**$ 415.5**	**$ —**	**$ 432.0**
Financing activities					
Dividends paid	$ (23.7)	$ —	$ —	$ —	$ (23.7)
Interest and other finance expenses paid	(80.2)	(1.7)	(2.5)	—	(84.4)
Financing costs paid on early note redemption	(35.0)	—	—	—	(35.0)
Repayment of term loan and notes payable	(952.5)	—	—	—	(952.5)
Proceeds from term loan and notes payable	240.0	—	—	—	240.0
Payment of lease liabilities	(0.7)	(12.1)	(4.0)	—	(16.8)
Cash used in other financing activities	(15.1)	(0.7)	(4.3)	—	(20.1)
Proceeds (repayments) of intercompany financing activities	970.5	(48.8)	(917.2)	(4.5)	—

Cash flows (used in) from financing activities	**$ 103.3**	**$ (63.3)**	**$ (928.0)**	**$ (4.5)**	**$ (892.5)**
Effect of foreign exchange on non-US Dollar denominated cash and cash equivalents	0.1	—	(1.1)	—	(1.0)
(Decrease) Increase in cash and cash equivalents	$ 53.7	$ (3.7)	$ 10.3	$ —	$ 60.3
Cash and cash equivalents, beginning of year	$ 67.6	$ 9.5	$ 21.4	$ —	$ 98.5
Cash and cash equivalents, classified as held for sale, beginning of year	$ —	$ —	$ —	$ —	$ —
Cash and cash equivalents, end of year	**$ 121.3**	**$ 5.8**	**$ 31.7**	**$ —**	**$ 158.8**

For the year ended December 31, 2018 (i)	Yamana Gold Inc. (parent)	Guarantor subsidiaries	Non-guarantors	Eliminations and reclassifications	Consolidated
Operating activities					
Earnings (loss) before taxes	$ (293.4)	$ (250.4)	$ 6.5	$ 360.6	$ (176.7)
Adjustments to reconcile earnings before taxes to net operating cash flows:					
Depletion, depreciation and amortization	7.8	173.5	257.0	—	438.3
Share-based payments	4.7	—	0.6	—	5.3
Other (income) costs, net	(126.6)	(88.1)	(261.1)	473.3	(2.5)
Finance costs	109.0	268.8	232.9	(473.3)	137.4
Mark-to-market on financial assets and metal concentrates	17.6	—	—	—	17.6
Share of earnings (loss) 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 sale of subsidiaries	(39.1)	—	(35.1)	—	(74.2)
Other non-cash expenses	2.5	24.3	23.6	—	50.4
Advanced payments received on metal purchase agreements	127.8	—	—	—	127.8
Environmental rehabilitation obligations paid	—	(2.6)	(2.7)	—	(5.3)
Other payments	—	—	(6.7)	—	(6.7)
Cash flows from operating activities before income taxes paid and net change in working capital	**$ 31.4**	**$ 171.5**	**$ 489.7**	**$ 15.8**	**$ 708.4**
Income taxes paid	(0.1)	7.6	(149.6)	—	(142.1)
Cash flows from operating activities before net change in working capital	**$ 31.3**	**$ 179.1**	**$ 340.1**	**$ 15.8**	**$ 566.3**
Net change in working capital	(26.4)	(32.3)	(103.4)	—	(162.1)
Intercompany movement in operations	118.1	30.5	(148.6)	—	—
Cash flows from operating activities	**$ 123.0**	**$ 177.3**	**$ 88.1**	**$ 15.8**	**$ 404.2**
Investing activities					
Acquisition of property, plant and equipment	$ (14.4)	$ (158.9)	$ (273.6)	$ —	$ (446.9)
Net proceeds on disposal of subsidiaries and other assets	4.3	—	185.6	—	189.9
Cash used in other investing activities	(3.9)	(5.9)	(62.8)	—	(72.6)
Cash flows used in investing activities	**$ (14.0)**	**$ (164.8)**	**$ (150.8)**	**$ —**	**$ (329.6)**
Financing activities					
Dividends paid	$ (19.0)	$ —	$ —	$ —	$ (19.0)
Interest and other finance expenses paid	(76.3)	—	—	—	(76.3)
Financing costs paid on early note redemption	(14.7)	—	—	—	(14.7)
Repayment of revolving credit facility and notes payable	(486.5)	—	—	—	(486.5)
Proceeds from drawdown of revolving credit facility	460.0	—	—	—	460.0
Payment of lease liabilities	—	—	—	—	—
Proceeds from other financing activities	2.2	—	—	—	2.2
Proceeds (repayments) of intercompany financing activities	(5.4)	(20.9)	42.1	(15.8)	—
Cash flows (used in) from financing activities	**$ (139.7)**	**$ (20.9)**	**$ 42.1**	**$ (15.8)**	**$ (134.3)**

Effect of foreign exchange on non-US Dollar denominated cash and cash equivalents		0.1		1.1		1.8		—		3.0
(Decrease) Increase in cash and cash equivalents	$	(30.6)	$	(7.3)	$	(18.8)	$	—	$	(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	**$**	**67.6**	**$**	**9.5**	**$**	**21.4**	**$**	**—**	**$**	**98.5**

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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(2)(3)
Company Director

Andrea Bertone(1)
Company Director

Alex Davidson(4)
Company Director

Richard Graff(1)(2)
Lead Director

Kimberly Keating(2)(4)
Company Director

Peter Marrone*
Executive Chairman

Jane Sadowsky(1)(3)
Company Director

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

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

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

Sofia Tsakos
Senior Vice President,
General Counsel and
Corporate Secretary

Shareholder Information

Share Listings

Toronto Stock Exchange: YRI
New York Stock Exchange: AUY

Capitalization

(millions of common shares)	
Outstanding at December 31, 2019	950.4
Weighted average 2019	
Basic	950.3
Fully diluted	951.9

2019 Common Share Trading Information

Ticker	Closing price	High	Low	Average Daily Trading Volume
YRI	C$5.14	C$5.17	C$2.44	5,629,355
AUY	US$3.95	US$3.95	US$1.80	14,457,932

Dividends

Yamana currently pays a quarterly dividend of US $0.0125 per share

2019 Dividend Schedule		Anticipated 2020 Dividend Schedule	
Record Date	Payment Date	Record Date	Payment Date
March 29, 2019	April 12, 2019	March 31, 2020	April 14, 2020
June 28, 2019	July 12, 2019	June 30, 2020	July 14, 2020
September 30, 2019	October 15, 2019	September 30, 2020	October 14, 2020
December 31, 2019	January 14, 2020	December 31, 2020	January 14, 2021

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

Executive Office

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M5J 2J3
Phone: 416-815-0220
Fax: 416-815-0021

Annual General Meeting

Thursday, April 30, 2020
11:00 a.m. Eastern DST

Meeting to be held via live webcast.
Information is available on Yamana's website at www.yamana.com

Design: Ove Brand | Design

Typesetting & Pre-Press Production: Mary Acsai

Printing: Merrill Corporation Canada

Portrait Photography: Zanetti Photography

Printed in Canada

YAMANA GOLD

www.yamana.com