Annual Report 2020

YAMANAGOLD

Strategy Strength
Resilience

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.

Strategy, Strength, **Resilience**

We will remember 2020 as a year in which we experienced a great deal of uncertainty, with the pandemic testing the strength and resilience of countries, communities, and businesses around the world. While we were not exempted, our people rose to the challenge, exemplifying the courage, commitment, and compassion that underpin our culture and values. We remain saddened by the loss of life and health and financial harm brought on by the pandemic. We are, however, grateful that we were able to prevent harm to people we employ and in local communities and, financially, remain comparatively unscathed.

Peter Marrone
Executive Chairman

Since the emergence of the pandemic, we have taken decisive action to ensure business continuity, mitigate supply chain risk, and above all, protect people in our employ and in the communities in which we operate. Precautionary measures such as physical distancing and enhanced health screening are now fully embedded across our operations. And the use of contact tracing protocols, testing, and quarantine allowed us to quickly isolate cases when they did occur and prevent spread of the disease. We have now begun a vaccination program as well.

We exited the year with cash balances of almost **$430 million,** our highest level since 2011.

This rapid yet careful planning and execution have shown that it is possible to manage risks posed by COVID-19 while continuing to operate and support our host communities. In the past year, we have donated critical equipment and supplies such as face masks, hand sanitizer, respirators; provided food packages to those in need; and made site medical teams and ambulances available to support local health authorities. With vaccines now being distributed around the world, there is hope that we may be closer to turning a page on this global health crisis. But we're not there yet. Yamana will continue to manage its business in a way that respects and is mindful of the impact that COVID-19 has had and could have on local communities.

Increased financial flexibility to realize capital allocation objectives

The strength and resilience of our business was evident in our financial results and strategic advances last year. We had a very strong year for cash flows, further strengthening our cash position and financial resilience. Operating cash flows in 2020 before net change in working capital were almost $700 million, and free cash flow before dividends and debt repayments was just below $300 million—more than 200 percent higher than 2019.

We exited the year with cash balances of almost $430 million, our highest level since 2011. This does not include the more than $220 million in cash acquired upon completion of the agreement to integrate the Agua Rica project with the Minera Alumbrera plant and infrastructure. That cash is available for utilization by the integrated entity, which is now known as the MARA project. I will discuss MARA in more detail later in this letter.

Our increasing cash balances allowed us to achieve our objective of a net debt to EBITDA ratio of below one, assuming a bottom-of-cycle gold price of $1,350 per ounce. Furthermore, with our current and expected growth in cash balances we have a best-in-class balance sheet and the financial flexibility to meet our three capital allocation objectives: a continued focus on financial strength and resilience with increasing liquidity; investing in targeted growth opportunities particularly at our current operations as well as exploration to ensure our future; and maximizing returns by paying, maintaining, and increasing dividends.

780k oz gold

10.4M oz silver

Ultimately, we believe we can effectively manage and reinvest in our business with growth that begins with the drill bit, fund our obligations, improve our financial strength and resilience, and have sufficient cash available to pay and increase our dividend. This is exactly what we are doing, prudently advancing key projects, maintaining capital discipline, and consistently raising our dividend, including a 50 percent increase in the fourth quarter of 2020. For further reference, since the second quarter of 2019, we have increased our dividend by 425 percent to $0.105 per share or $100 per gold equivalent ounce (GEO).

The dividend rate of $100 per GEO is now our new dividend floor. Consistent with our dividend policy, we have sufficient cash reserves on hand to support payment of the dividend at the current level for many years. The reserve fund provides us with the flexibility to pay the dividend at the new floor for an extended period, even in a bottom-of-cycle gold price environment.

Portfolio optimization

We continued to optimize our portfolio in 2020, monetizing certain assets including a large portion of our stake in certain public companies which we owned as a result of the sale of non-core assets and a royalty portfolio.

Portfolio optimization does not merely refer to asset monetization. It is also about taking steps to improve and optimize our existing assets, be it by debottlenecking, improved mine modeling, or right-sizing operations, as we have done at Jacobina and El Peñón in recent years. In this way, we position ourselves to further maximize cash flow and increase shareholder returns.

Continue on our steady path

We have, in short, clearly defined strategic priorities. These priorities have not changed in recent years and are unlikely to anytime soon as we believe they are foundational to our success. We will therefore continue to focus on advancing the compelling growth opportunities at our existing operations. We will continue to invest heavily in exploration to replenish our mineral reserve and mineral resource base. We will continue to maximize free cash flow and prioritize shareholder returns. Finally, we will continue to advance and opportunistically expand our project pipeline while exercising capital discipline and restraint.

Odyssey underground project a go, and key cog in long-term growth

Our asset portfolio includes an outstanding mix of advanced and early stage projects, perhaps none more exciting than the Odyssey underground project at our Canadian Malartic mine.

We announced the approval for construction of the Odyssey project earlier this year in a decision that marks the beginning of the transition of Canadian Malartic from an open pit mine to an underground operation. We knew in 2014, when we acquired our 50 percent interest in Canadian Malartic, that there was a future underground opportunity, although we didn't know it would be this big. As of year-end 2020, mineral resources for the project had grown to approximately 14.4 million ounces of gold (100 percent basis) in just six years. That includes a year-on-year increase of four million ounces.

The transition to underground mining will take place over approximately six years, from 2023 through 2028. Ore

We will continue to **maximize free cash flow** and prioritize shareholder returns

from the upper zones will be transported to surface via ramp, with first production expected in 2023. Ore from the lower zones will be transported to surface via shaft and is expected to commence by 2027. This model is very favourable for project economics, as cash flows derived from the approximately 932,000 ounces that are expected to be mined from the upper zones during the transition period will be used to fund ongoing construction. I would not be doing justice to this development and production plan were I to call it anything but brilliant! We commend mine management for creating this plan along with our partner's management for their critical assessment and peer review of the plan. The plan brings forward production, fills an otherwise large production gap as Canadian Malartic transitions from open pit to underground mining, and brings forward cash flows without adversely affecting the value of the underground. In the process, capital risk is also mitigated: assuming a $1,550 per ounce gold price, which is the gold price used in the Odyssey technical study, this would reduce the projected capital requirements for the project by over 50 percent.

When fully ramped in 2029, Odyssey is expected to produce an average of approximately 545,000 ounces of gold per year through 2039, with total cash costs of approximately $630 per ounce. What's more, the current plan only factors in half of the project's 14.4 million ounces of mineral resources, meaning there is excellent potential to add more production and extend mine life significantly beyond 2039.

Jacobina phased expansion continues to advance

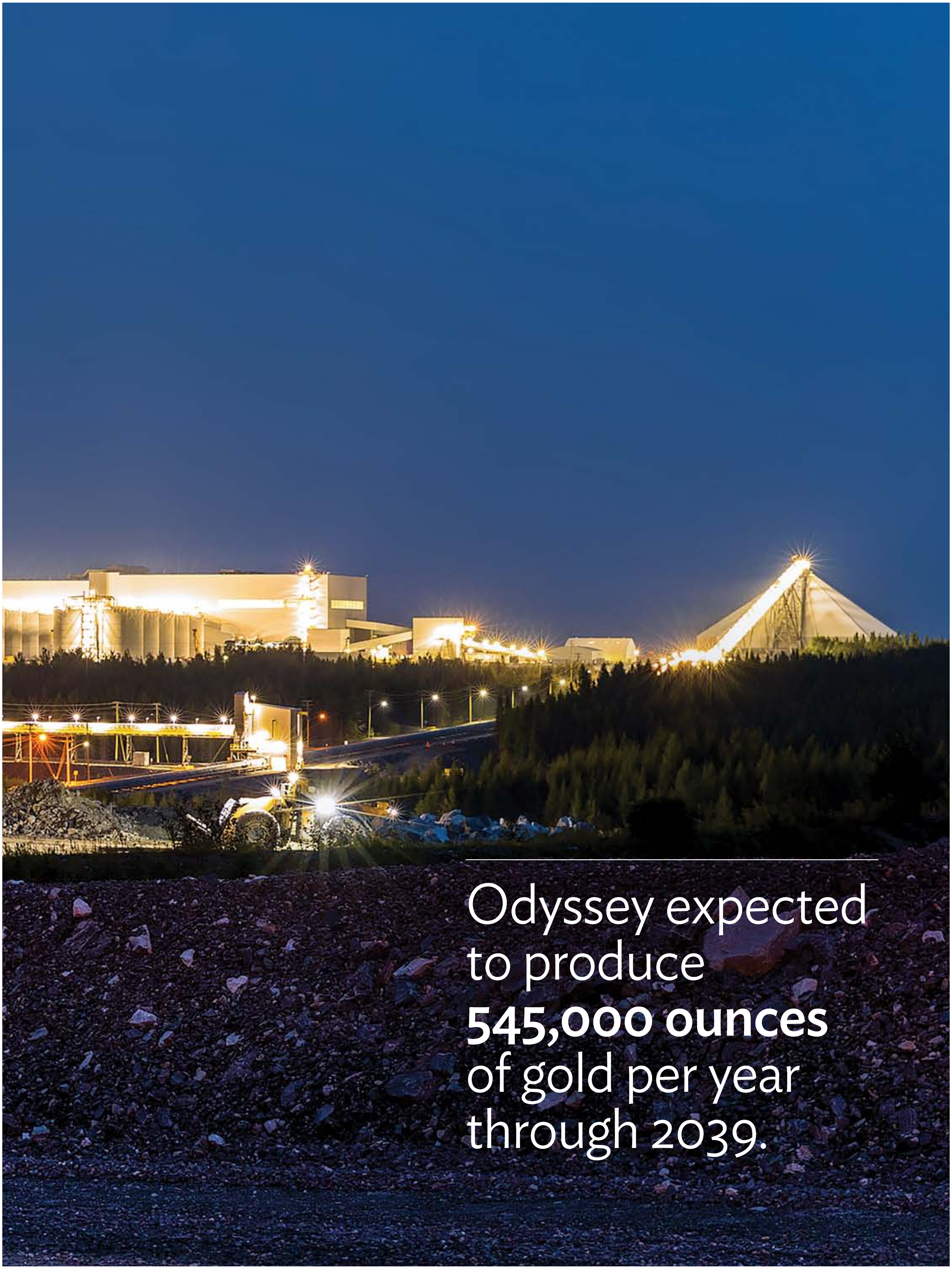
The Jacobina phased expansion is another compelling growth project. We began the project in 2018, completing Phase 1 in June 2020 at a higher-than-planned steady state throughput of approximately 6,800 tonnes per day (tpd). This increased annual production to approximately 180,000 ounces of gold, up from just 75,000 ounces in 2014.

We are now advancing the Phase 2 expansion, which will increase throughput to 8,500 tpd and raise annual production to 230,000 ounces, a 28 percent increase from current levels. Phase 2, which is not expected to cost more than $57 million, is also expected to reduce costs and generate significantly more cash flow and attractive returns. Engineering, permitting, and procurement of long lead-time items for Phase 2 has already begun.

With continued exploration success at Jacobina—which replaced depletion in 2020 and added approximately 300,000 ounces of additional mineral reserves—we have begun a conceptual study for a Phase 3 expansion that would increase throughput to 10,000 tpd and bring annual production to 270,000 ounces. We will provide updates as our evaluation progresses, but the takeaway should be clear: Jacobina is a standout operation with significant further upside.

El Peñón the embodiment of Yamana culture and values

While Daniel will delve into our operations in greater detail in his letter, I would be remiss if I did not devote some space to El Peñón. El Peñón, in many ways, is emblematic of the strength, resilience, and strategic knowhow that sets Yamana apart. It has implemented a number of successful strategic transformations through the years, not least of which was the rightsizing of the operation in late 2016 that aligned costs to production, increased cash flows, and extended mine life. The operation is nothing


Odyssey expected
to produce
545,000 ounces
of gold per year
through 2039.

22nd
year of production
for El Peñón

if not resilient. In its 22nd year of production, El Peñón continues to replace mineral reserve depletion—a feat that it accomplished yet again in 2020—and generate new discoveries. We regularly cycle El Peñón's people to our other operations and bring employees from other operations to El Peñón to further embed the operation's can-do spirit, grit, and tenacity across the company.

El Peñón will continue to be an integral part of our production platform, and an important part of our 10-year base case production outlook for 1 million GEO per year through 2030.

Integration agreement gives rise to MARA project

We have high hopes that our majority-owned MARA project will, in the decades to come, prove as successful as El Peñón. As mentioned above, the project, located in Argentina's Catamarca Province, is comprised of what was formerly known as the Agua Rica project and the nearby Minera Alumbrera plant and infrastructure. Yamana holds a 56.25 percent controlling interest in the MARA project, Glencore International AG holds a 25 percent interest, and Newmont Corp. holds an 18.75 percent stake.

The integration of Agua Rica and Alumbrera creates significant synergies by combining the existing infrastructure from Alumbrera, a former operating mine whose infrastructure includes processing facilities, a fully permitted tailings storage facility, logistical installations, and ancillary buildings, with the Agua Rica copper-gold deposit. Agua Rica is one of the largest undeveloped copper-gold deposits in the world with 11.8 billion pounds of proven and probable copper mineral reserves and 7.4 million ounces of proven and probable gold mineral reserves (100 percent basis).

The integration also underscores the advantages of partnership in pursuing mining opportunities and enterprises. Case in point: the partnership with Glencore and Newmont has facilitated an integration agreement that effectively turns what was a higher risk greenfield project into a low-risk brownfield project. It enhances project economics, simplifies permitting, and reduces the project's environmental footprint, significantly increasing the value of the project. Yamana will continue to lead the engagement with local, provincial, and national stakeholders as well as completion of the feasibility study, which is expected in 2022.

MARA is one of the **largest undeveloped copper-gold deposits** in the world.

Our joint venture agreement for the Suyai gold project in Argentina is another example of the benefits of partnership. Quite simply, the joint venture, with a well-respected Argentina-based company that understands the country's regulatory and approval process, significantly improves the chances that Suyai will be developed. Hence, it made sense for us to enter this agreement as it is better to have 60 percent of an outstanding gold mining project that proceeds to development than 100 percent of a dormant project.

Wasamac project a high-quality addition to portfolio

Our acquisition of Monarch Gold Corporation is an excellent example of opportunistic portfolio expansion coupled with financial discipline and restraint. The transaction added Monarch's principal asset, the Wasamac project, to our pipeline at a very reasonable price paid for with a modest amount of cash and stock. In exchange, we received a high-quality underground project located in Quebec's prolific Abitibi District, a region where we have deep operational and technical expertise, as it is home to our Canadian Malartic mine.

Wasamac has proven and probable mineral reserves of 1.8 million ounces of gold that are supported by a feasibility level study completed in 2018. This is consistent with our criteria for evaluating growth opportunities, which call for projects with mineral reserves and mineral resources of at least 1.5 million ounces of gold and the potential to support a mine plan with annual production of at least 150,000 ounces for at least eight years. Wasamac meets these criteria, and we are confident it will deliver robust returns, significant cash flows, and accelerated payback. Indeed, we believe the project has excellent potential for further expansion, and we are in the process of updating the Monarch feasibility study, which we expect to complete in the third quarter of this year.

Gold price resilience

A word on gold price. Many of the factors that positively impacted gold in 2020 were in place before the onset of the global pandemic: geopolitical uncertainty, socio-economic imbalances, global trade tensions, low interest rates, and elevated levels of government debt. These issues remain and some, notably government debt, were exacerbated by the pandemic as governments around the world added double-digit trillions in stimulus spending to combat economic disruption wrought by the pandemic.

Debt-to-GDP levels are at unprecedented levels, yet stimulus spending is likely to persist as central banks endeavour to manage the economy. At the same time, as the pandemic subsides, pent-up demand for everything from cars and other luxury items to travel to simply enjoying an evening out again will drive an inflationary cycle in what is sure to remain a low interest rate environment. All of that is supportive of gold.

While we may see the price of gold fluctuate near term, as has been the case in the early part of 2021, the underlying fundamentals support a higher gold price longer term. Ultimately, more investors will recognize this and the sector rotation that began in the latter half of 2019 will accelerate.

Follow the money

While we believe investors, specialists and generalists alike, will increase their exposure to gold equities, we also believe that it is our obligation to seek out investors wherever they may be or, put another way, it is our obligation to follow the money.

That is why we listed on the London Stock Exchange this past October. There are large pools of investor capital in the United Kingdom, Europe, the Middle East, and Asia, and a dearth of senior gold miner listings on this venerable exchange, particularly those that offer exposure to a portfolio of high-quality assets in politically stable jurisdictions in the Americas. Furthermore, Yamana's focus on sustainability, financial performance, and cash returns

We are now listed on the **London Stock Exchange**

to shareholders are a great hand-to-glove fit with the values and priorities of these investors who, by choice or necessity, prefer to invest in London-listed companies.

It will take time to build a following in London, and clearly the pandemic has prevented us from holding face-to-face meetings with prospective investors and building relationships with them. We look forward to that opportunity and we are confident that our London listing will improve our overall liquidity and expand our share register.

Adoption of board-approved climate strategy

From our earliest days, we have placed a relentless focus on ensuring our business responds to critical sustainability imperatives. Holding ourselves to high ESG and sustainability standards underpins our social license to operate, creates positive social outcomes for the communities we serve, and is fully aligned with running a profitable business and attracting investment.

For some, the idea of a social license to operate is a notional one. At Yamana, it is quantified and integrated into our strategy and operations through key metrics like our Social License to Operate Index, which is based on quarterly surveys that measure local perceptions of our ESG performance. We are proud to have developed this approach to measuring how responsibly we are operating, and we will continue to tailor this tool to ensure it remains market leading.

We are taking a similar quantitative approach to climate change. Earlier this year, we formally adopted a board-approved climate strategy, underscoring our commitment to the transition to a low-carbon future. Our climate strategy includes the adoption of two targets: a 2° Celsius science-based target (SBT) and an aspirational net-zero 2050 target. The targets will be supported by foundational work being performed this year to establish a multi-disciplinary climate working group, determine our emissions baseline, develop the greenhouse gas (GHG) abatement pathways required to achieve the 2° Celsius SBT and establish preliminary, operations-specific roadmaps that describe abatement projects, and estimated costs and schedules. These actions will help ensure that our long-range GHG reduction efforts are supported by practical and operationally focused short-, medium-, and long-term actions to achieve our targets.

Earlier this year we formally adopted a **board-approved climate strategy** to transition to a low-carbon future.

Our climate strategy, I would add, is a continuation of our climate change actions begun in 2018. Those actions have focused on climate adaptation to ensure our operations are resilient and can adjust to the changes that may occur with a changing climate in terms of energy efficiency, water availability, and biodiversity. This work will continue.

Strategy, strength, resilience

I will end where I began. While 2020 was a year like no other, we were able to overcome the challenges posed by the pandemic and advance opportunities. We were able to do this with a clearly defined strategy underpinned by a strong portfolio of mines and projects and a very talented and tenacious workforce, management, and board of directors. We developed and deployed strategies to advance and improve our business, we made that business stronger, and we created resilience that will ensure the sustainability and durability of our business. I would like to express my gratitude and appreciation to Yamana's employees for their dedication and commitment through these most unprecedented of times. I could not be more proud.

"Peter Marrone"

Peter Marrone
Executive Chairman

Performance Highlights

- Formally adopted a board approved climate strategy underpinned by the adoption of two targets:
  - 2° C science based target
  - Aspirational net zero 2050 target
- 16% improvement in our social license since 2018 as measured by third party SLO Index
- Best in class tailings management governance and systems that include regular 3 rd party reviews & monthly oversight by senior management
- Zero process water discharge
- 18% reduction in the total recordable injury rate (TRIR) since 2018
- 5th consecutive year with no material environmental spills or incidents

Tenacity and talent drive strong performance

Working with tenacity is one of Yamana's core values. Our success depends on the commitment, persistence, and determination of our people, and I can state unequivocally that our people showed remarkable tenacity last year in the face of the uncertainty caused by the pandemic. They went the extra mile in support of their colleagues and communities and drove our strong operational, financial, and safety performance.

Daniel Racine
President and Chief Executive Officer

14% decrease in total recordable injury rate from 2019

Last year, our total recordable injury rate improved to 0.49, a 14 percent decrease from 2019. We also successfully completed our first year of implementation of objectives associated with the Mining Association of Canada's Towards Sustainable Mining Framework, a globally recognized sustainability program that supports mining companies in managing key environmental and social risks.

Yamana has always prioritized the health and safety of its workers and communities, environmental protection, and supporting the development of sustainable communities where it operates. The adoption of a board-approved climate strategy that sets clear, science-based targets underscores this commitment to ESG excellence and is a natural extension of our business approach.

Strong operational and financial results

We produced 901,155 gold equivalent ounces (GEO) last year, which exceeded our original guidance for 890,000 GEO and was in line with the plus or minus three percent variance range of our revised guidance. Production at Jacobina, Canadian Malartic, El Peñón, and Minera Florida all came in well above plan.

Our operating earnings surged to $702.4 million in 2020, a 96 percent year-over-year increase. This was partly due to a net impairment reversal of $191 million—more on that later—but it also reflects the strong performance at our mines. Furthermore, we were able to generate higher operating earnings in spite of temporary suspensions at Canadian Malartic and Cerro Moro due to government-ordered restrictions on the mining sector related to COVID-19. Our strong earnings and cash flows allowed us to strengthen our balance sheet, further increasing our financial flexibility to pursue our growth initiatives and increase shareholder returns.

Jacobina continues to outperform

Jacobina continues to be a standout performer, consistently exceeding expectations. The operation posted record full-year production in 2020 and increased year-on-year production for the seventh year in a row. Jacobina also replaced 2020 depletion of gold mineral reserves and added 300,000 ounces of new mineral reserves.

> Our operating earnings surged to **$702.4 million** in 2020, a **96%** year-over-year increase.

Mineral resources in the measured and indicated and inferred categories also increased last year, bringing the aggregate year-on-year increase in gold mineral reserves and mineral resources to 823,000 ounces. The increase further reinforces Jacobina as a multi-decade operation and supports the Phase 2 expansion, which will increase throughput to 8,500 tonnes per day (tpd) and lift annual production to 230,000 ounces of gold per year. And, as Peter noted in his letter, we are currently evaluating a potential Phase 3 expansion that would increase throughput to 10,000 tpd and raise annual production to 270,000 ounces.

Canadian Malartic exceeds production guidance

Production at Canadian Malartic of 284,317 ounces in 2020 (50 percent basis) exceeded our revised guidance by nearly 10,000 ounces. The guidance revision came on the heels of a temporary suspension in early spring due to restrictions on mining in Quebec related to COVID-19. Mining was subsequently declared an essential industry by the province and the operation ramped up quickly but safely, posting record throughput in the fourth quarter. We expect Canadian Malartic to return to more normal levels of production this year, with guidance for 350,000 ounces of gold (50 percent basis) at all-in sustaining costs of $850 to $885 per ounce, down from $945 per ounce in 2020.

Currently, in the open pit, mining is transitioning from the Canadian Malartic pit to the Barnat pit, which is now in commercial production. Seventy percent of the total tonnes mined in 2021 are expected to come from Barnat. With the approval to construct the Odyssey underground project, the operation will shift progressively from open pit to underground mining beginning in 2023. To help facilitate this transition, Yamana optimized the design of the Barnat pit, adding 290,000 ounces to mineral reserves (100 percent basis), which will help fill the production gap between 2026 and 2029 as the operation completes the transition to underground mining.

Odyssey underground a world-quality project

I have spent a large part of my career working in Quebec's Abitibi District. You might even say that I cut my teeth, literally and figuratively, on the gold-bearing pyrites of some of the province's most well-known gold mines: LaRonde, Goldex, and of course, Canadian Malartic. I can tell you that, in all my experience, I have never been as excited about a project as I am about the Odyssey underground project.

Future Odyssey mine to be a modernized **electric underground operation.**

Odyssey hosts three main underground-mineralized zones: East Malartic, the eponymously named Odyssey zone, and East Gouldie. We disclosed the East Gouldie discovery in September 2019, and it's fair to say it was a game changer. It is the largest and most profitable of the three zones due to its higher grades and tonnage. Last year, exploration increased the inferred mineral resource at East Gouldie by 134 percent to 6.4 million ounces of gold (100 percent basis). Average grade is 3.17 grams per tonne. With further exploration along East Gouldie's 1.4-kilometre strike length, which remains open to the east and at depth, we believe that additional mineralization will be added to the Odyssey mine plan in the coming years.

One additional point on the future Odyssey mine: it will be a modernized electric underground operation. All major mobile production equipment such as trucks, scoop trams, jumbos, bolters, and longhole drill rigs will be electric powered, greatly reducing the operation's carbon footprint. On the two main levels with loading pockets, trucks and

Exploration success and **increased mineral reserves** at El Peñón unlocks opportunities to incrementally increase production

hammers will be remotely operated 24 hours a day, seven days a week from a surface control room, significantly increasing equipment utilization.

Odyssey, in sum, is a world-quality project, and together with our recently acquired Wasamac project, which is located just 100 kilometres west of Canadian Malartic, our production pipeline in Quebec will last for generations.

El Peñón replaces gold mineral reserves for third straight year

El Peñón had another strong year, producing 216,749 GEO, well above our original guidance and revised guidance for 209,000 GEO and 202,000 GEO, respectively. We expect to produce 222,000 GEO in 2021, underpinned by production from higher-grade zones. We also expect the operation's costs to decline this year, with cash costs forecast in the range of $620 to $660 per GEO and all-in sustaining costs projected at $835 to $870 per GEO. That compares to $657 per GEO and $922 per GEO, respectively, in 2020.

El Peñón replaced gold mineral reserve depletion for the third straight year in 2020. At year-end, mineral reserves stood at 921,000 ounces of gold compared to 764,000 ounces at year-end 2017. Gold and silver measured and indicated mineral resources increased by 16 percent and 17 percent respectively last year while inferred gold mineral resources rose 16 percent, providing additional targets for infill drilling in 2021.

The exploration success and increased mineral reserves unlocks opportunities to incrementally increase production at El Peñón by leveraging the operation's excess processing capacity. The mine can process approximately 4,200 tpd, which represents upside of 20 percent to 30 percent above currently budgeted levels, with no additional capital expenditures required.

One final point on El Peñón: due to the operation's consistently high production levels, sustained cost reductions, and significant exploration successes in recent years, in the fourth quarter of 2020 Yamana reversed impairment losses recorded in 2015 and 2016 totaling $560 million.

Firmly committed to Cerro Moro

The impairment reversal at El Peñón was partially offset by an impairment charge of $369 million recorded in the fourth quarter for Cerro Moro, resulting in the net impairment reversal of $191 million that I referred to above.

Cerro Moro was significantly impacted by COVID-19 due to inter-provincial travel restrictions in Argentina, which impacted mine employees travelling from within and outside of Santa Cruz Province. The restrictions—which followed a three-week, government-ordered suspension on mining in Argentina in early spring—were particularly stringent in December and resulted in lower than planned production for the quarter and for the year. However, unlike many other mining operations in Argentina, Cerro Moro was able to operate continuously through December and production in the fourth quarter was the highest of the year.

We are firmly committed to Cerro Moro, investing heavily in exploration drilling on the large mine property and surrounding area, which together exceed 300,000 hectares. Our current efforts are focused on both the core mine area and new mineralized zones close to existing mineral reserves.

Further upside is available from significant mineralization that could potentially be mined economically using lower-cost heap leach processing, which would occur in parallel with the existing processing plant, potentially extending mine life. Although COVID-19 related disruptions impacted our ability to add new inferred mineral resources in 2020, approximately 56,000 ounces of gold inferred mineral resources have been added as potential heap leach inventory. Our evaluation of the heap leach opportunity is in the early stages, with a preliminary study completed and metallurgical lab testing currently underway.

Momentum at Minera Florida continues

Minera Florida, I am pleased to report, sustained the momentum generated in 2019, exceeding full year 2020 production guidance and posting outstanding fourth quarter results. The operation produced 26,352 ounces of gold in the fourth quarter, its highest quarterly production since 2010 and the second highest since the mine entered production in 1986, excluding gold production from the reclamation of historic tailings.

Minera Florida also continued to generate robust exploration results in new production sectors of the mine, notably Patagua and Don Leopoldo, as well as newly explored areas such as La Flor Oeste and Bandolera. These results are expected to drive incremental production growth and support a low-cost opportunity to increase capacity at the mine's existing processing plant. Our long-term strategy at Minera Florida is to increase monthly throughput from 2,450 tpd to 3,300 tpd with a corresponding production increase of up to 120,000 ounces of gold per year at all-in sustaining costs below $1,000 per ounce.

Our mineral reserves increased to **13.81 million ounces of gold** at year-end, up from 7.86 million ounces at year-end 2019.

Replaced mineral reserve and mineral resource depletion

Our exploration successes allowed us to replace mineral reserve depletion at our operating mines in 2020. Overall, our mineral reserves increased to 13.81 million ounces of gold at year-end, up from 7.86 million ounces at year-end 2019. This includes 1.8 million ounces from the recently acquired Wasamac project, 4.15 million ounces from the MARA project (56.25 percent basis) and the previously mentioned increase in mineral reserves from Jacobina and El Peñón.

Measured and indicated mineral resources climbed to 14.60 million ounces from 12.67 million ounces a year earlier, while inferred mineral resources rose to 15.71 million ounces from 12.01 million, including a notable increase at East Gouldie of 1.84 million ounces (50 percent basis).

1m GEO/year
steady state production for next several years

Silver mineral reserves increased to 112.80 million ounces from 63.82 million ounces, largely due to the addition of the MARA project to our mineral reserve inventory.

In addition to its gold and silver mineral reserves, MARA also adds 6.70 billion pounds of copper (56.25 percent basis) to our mineral reserve inventory, a fact that often goes overlooked. Copper is a metal that is on the rise, a green metal that is a key raw material in electric vehicles and renewable power infrastructure. With the MARA project, Yamana is the majority owner of one of the lowest capital intensity copper-gold projects in the world. We have a range of options to realize value from this outstanding project and, ultimately, the market will recognize that value.

Long-term production upside

Looking ahead, we see steady state production of 1 million GEO per year for the next several years, with excellent long-term upside potential from our robust project pipeline. This includes Wasamac, MARA, as well as our Suyai gold project in Argentina, which is a development ready project that is projected to produce up to 250,000 ounces of gold in its first eight years. With production from the Wasamac project alone, a project that we conservatively included in our upside case scenario when we issued our 10-year production outlook earlier this year, annual production could top 1 million GEO by mid-decade, reaching 1.2 million GEO by 2028.

In addition, there is potential for further upside from our generative exploration properties, which include advanced projects like Lavra Velha, Monument Bay, Jacobina Norte, and Borborema.

Well-positioned to thrive

In closing, I would like to acknowledge and thank our employees for their dedication and commitment through one of the most challenging years in living memory. Yamana is well-positioned to thrive, both near term and long term, underpinned by our outstanding asset portfolio, a robust balance sheet, strong ESG performance, and most of all, our talented and tenacious people.

"Daniel Racine"

Daniel Racine
President and Chief Executive Officer

Operations

CANADA
Wasamac
(100%)

Underground gold development project located 100 Km from the Canadian Malartic mine with proven and probable reserves of 1.8M oz of gold at 2.56 g/t

CANADA
Canadian Malartic
(50%)

Canada's largest gold mine, advancing the underground Odyssey project with the potential to extend mine life for decades

CANADA

Operations

Development Projects

CHILE
El Peñón
(100%)

Underground mine with consistent performance and strong cash flow generation and a remarkable track record of ongoing exploration success

BRAZIL
Jacobina
(100%)

World-quality underground mine that has more than doubled production since 2014, with significant low risk organic growth projects and spectacular exploration upside

CHILE
Minera Florida
(100%)

Established underground mine transitioning to newer high-grade zones that will provide the foundation for future production increases and extended mine life

ARGENTINA
MARA
(56.25%)

Globally competitive, de-risked copper development project with highly attractive economics which will be one of the lowest capital intensity projects worldwide

BRAZIL

CHILE

ARGENTINA

ARGENTINA
Suyai

Suyai is an advanced stage gold project located in Chubut Province in southern Argentina that is expected to produce up to 250,000 ounces of gold annually in its first eight years.

ARGENTINA
Cerro Moro
(100%)

High-grade underground and open-pit mine with exploration upside to provide sustainable production and drive future growth

Mineral Reserves and Mineral Resources

Mineral Reserves *(Proven and Probable)*

Gold	Proven Mineral Reserves Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Probable Mineral Reserves Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Total – Proven and Probable Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Operations									
Canadian Malartic & Barnat Open Pit (50%)	25,370	0.85	696	36,068	1.31	1,518	61,438	1.12	2,214
Canadian Malartic Underground (50%)	0	0.00	0	0	0.00	0	0	0.00	0
Canadian Malartic Total (50%)	**25,370**	**0.85**	**696**	**36,068**	**1.31**	**1,518**	**61,438**	**1.12**	**2,214**
Cerro Moro	**328**	**6.58**	**69**	**1,338**	**8.40**	**361**	**1,666**	**8.04**	**431**
El Peñón Ore	368	5.73	68	5,121	5.02	827	5,489	5.07	895
El Peñón Stockpiles	9	1.40	0	651	1.26	26	660	1.26	27
El Peñón Total	**377**	**5.63**	**68**	**5,772**	**4.60**	**853**	**6,149**	**4.66**	**921**
Jacobina	**28,821**	**2.16**	**2,004**	**11,277**	**2.22**	**804**	**40,098**	**2.18**	**2,807**
Minera Florida Ore	1,215	3.60	141	2,104	3.70	250	3,319	3.66	391
Minera Florida Tailings	0	0.00	0	1,248	0.94	38	1,248	0.94	38
Minera Florida Total	**1,215**	**3.60**	**141**	**3,352**	**2.67**	**288**	**4,567**	**2.92**	**428**
Total Gold Mineral Reserves: Operations	**56,112**	**1.65**	**2,978**	**57,807**	**2.06**	**3,824**	**113,918**	**1.86**	**6,802**
Yamana Gold Projects									
Jeronimo (57%)	**6,350**	**3.91**	**798**	**2,331**	**3.79**	**284**	**8,681**	**3.88**	**1,082**
MARA (56.25%)	**330,300**	**0.25**	**2,655**	**291,150**	**0.16**	**1,498**	**621,450**	**0.21**	**4,152**
Wasamac	**1,028**	**2.66**	**88**	**20,427**	**2.56**	**1,679**	**21,455**	**2.56**	**1,767**
Total Gold Mineral Reserves: Projects	**337,678**	**0.33**	**3,541**	**313,908**	**0.34**	**3,461**	**651,586**	**0.33**	**7,001**
Total Gold Mineral Reserves	**393,790**	**0.51**	**6,519**	**371,715**	**0.61**	**7,285**	**765,505**	**0.56**	**13,803**

Silver	Proven Mineral Reserves Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Probable Mineral Reserves Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Total – Proven and Probable Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Operations									
Cerro Moro	**328**	**390.0**	**4,109**	**1,338**	**460.0**	**19,788**	**1,666**	**446.3**	**23,897**
El Peñón Ore	368	213.4	2,526	5,121	160.2	26,378	5,489	163.8	28,904
El Peñón Stockpiles	9	54.1	16	651	14.1	294	660	14.6	310
El Peñón Total	**377**	**209.5**	**2,542**	**5,772**	**143.7**	**26,672**	**6,149**	**147.8**	**29,214**
Minera Florida Ore	1,215	23.4	915	2,104	21.9	1,481	3,319	22.4	2,396
Minera Florida Tailings	0	0.0	0	1,248	14.5	584	1,248	14.5	584
Minera Florida Total	**1,215**	**23.4**	**915**	**3,352**	**19.2**	**2,065**	**4,567**	**20.3**	**2,979**
Total Silver Mineral Reserves: Operations	**1,921**	**122.5**	**7,566**	**10,461**	**144.3**	**48,525**	**12,382**	**140.9**	**56,091**
Yamana Gold Projects									
MARA (56.25%)	**330,300**	**3.0**	**32,070**	**291,150**	**2.6**	**24,618**	**621,450**	**2.8**	**56,689**
Total Silver Mineral Reserves: Projects	**330,300**	**3.0**	**32,070**	**291,150**	**2.6**	**24,618**	**621,450**	**2.8**	**56,689**
Total Silver Mineral Reserves	**332,221**	**3.7**	**39,636**	**301,611**	**7.5**	**73,143**	**633,832**	**5.5**	**112,780**

Totals may not add due to rounding

*Wasamac property acquired on January 21, 2021

	Proven Mineral Reserves			Probable Mineral Reserves			Total – Proven and Probable		
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									
MARA (56.25%)	330,300	0.57	4,151	291,150	0.39	2,503	621,450	0.49	6,654
Total Copper Mineral Reserves	330,300	0.57	4,151	291,150	0.39	2,503	621,450	0.49	6,654

Zinc	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Operations									
Minera Florida Ore	1,215	1.22	33	2,104	1.17	54	3,319	1.19	87
Minera Florida Tailings	0	0.00	0	1,248	0.58	16	1,248	0.58	16
Minera Florida Total	1,215	1.22	33	3,352	0.95	70	4,567	1.02	103
Total Zinc Mineral Reserves	1,215	1.22	33	3,352	0.95	70	4,567	1.02	103

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									
MARA (56.25%)	330,300	0.030	218	291,150	0.030	192	621,450	0.030	411
Total Molybdenum Mineral Reserves	330,300	0.030	218	291,150	0.030	192	621,450	0.030	411

Totals may not add due to rounding
*Wasamac property acquired on January 21, 2021

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 Operations						
Canadian Malartic, Barnat & Other Zones (50%)	149	0.55	3	2,566	1.24	103
Odyssey Underground (50%)	0	0.00	0	1,000	1.90	61
East MalarticUnderground (50%)	0	0.00	0	5,658	2.03	368
East Gouldie Underground (50%)	0	0.00	0	0	0.00	0
Canadian Malartic Total (50%)	149	0.55	3	9,225	1.79	532
Cerro Moro Mine	77	5.22	13	647	3.70	77
Cerro Moro Heap Leach	0	0.00	0	0	0.00	0
Cerro Moro Total	77	5.22	13	647	3.70	77
El Peñón Mine	667	4.81	103	6,355	3.06	625
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	667	4.81	103	7,374	2.79	662
Jacobina	28,777	2.44	2,257	17,070	2.29	1,257
Minera Florida	2,455	5.03	397	3,776	4.62	561
Total Gold Mineral Resources: Operations	32,124	2.68	2,773	38,092	2.52	3,089
Yamana Gold Projects						
Arco Sul	0	0.00	0	0	0.00	0
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
Agua Rica (56.25%)	30,150	0.13	126	116,044	0.11	411
Alumbrera (56.25%)	65,297	0.31	660	5,154	0.29	48
MARA Total (56.25%)	95,447	0.26	786	121,198	0.12	459
Monument Bay	0	0.00	0	36,581	1.52	1,787
Suyai	0	0.00	0	4,700	15.00	2,286
Wasamac	2,770	2.46	219	4,180	2.28	306
Total Gold Mineral Resources: Projects	114,739	0.38	1,407	300,726	0.76	7,336
Total Gold Mineral Resources	146,864	0.89	4,180	338,818	0.96	10,426

Totals may not add due to rounding
*Wasamac property acquired on January 21, 2021
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)
2,715	1.21	105		3,688	0.78	92
1,000	1.90	61		13,853	2.05	913
5,658	2.03	368		43,444	1.91	2,669
0	0.00	0		31,469	3.17	3,209
9,373	1.77	535		92,454	2.32	6,883
725	3.86	90		1,281	4.80	198
0	0.00	0		825	2.11	56
725	3.86	90		2,106	3.75	254
7,022	3.22	728		5,208	3.61	605
0	0.00	0		13,767	0.55	245
1,019	1.13	37		0	0.00	0
8,041	2.96	765		18,975	1.39	850
45,847	2.38	3,514		20,078	2.31	1,494
6,230	4.79	959		4,678	5.02	755
70,216	2.60	5,862		138,292	2.30	10,235
0	0.00	0		6,203	3.08	615
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
146,194	0.11	537		417,881	0.09	1,209
70,451	0.31	708		1,708	0.23	13
216,645	0.18	1,245		419,590	0.09	1,222
36,581	1.52	1,787		41,946	1.32	1,781
4,700	15.00	2,286		900	9.90	274
6,950	2.35	525		3,780	2.17	263
415,465	0.65	8,742		515,370	0.33	5,479
485,681	0.94	14,604		653,662	0.75	15,714

	Measured Mineral Resources			Indicated Mineral Resources		
Silver	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Operations						
Cerro Moro Mine	77	202.4	504	647	274.6	5,716
Cerro Moro Heap Leach	0	0.0	0	0	0.0	0
Cerro Moro Total	77	202.4	504	647	274.6	5,716
El Peñón Mine	667	143.0	3,063	6,355	105.4	21,535
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	667	143.0	3,063	7,374	94.8	22,478
Minera Florida	2,455	30.7	2,422	3,776	23.5	2,857
Total Silver Mineral Resources: Operations	3,198	58.2	5,989	11,797	81.9	31,051
Yamana Gold Projects						
Agua Rica (56.25%)	30,150	1.6	1,502	116,044	1.9	6,940
Alumbrera (56.25%)	0	0.0	0	0	0.0	0
MARA Total (56.25%)	30,150	1.6	1,502	116,044	1.9	6,940
Suyai	0	0.0	0	4,700	23.0	3,523
Total Silver Mineral Resources: Projects	30,150	1.6	1,502	120,744	2.7	10,463
Total Silver Mineral Resources	33,348	7.0	7,491	132,541	9.7	41,513

Copper	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Agua Rica (56.25%)	30,150	0.22	146	116,044	0.30	767
Alumbrera (56.25%)	65,297	0.31	445	5,154	0.21	24
MARA Total (56.25%)	95,447	0.28	591	121,198	0.30	791
Total Copper Mineral Resources	95,447	0.28	591	121,198	0.30	791

Zinc	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Operations						
Minera Florida	2,455	1.37	74	3,776	1.33	110
Total Zinc Mineral Resources	2,455	1.37	74	3,776	1.33	110

Molybdenum	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Agua Rica (56.25%)	30,150	0.020	14	116,044	0.030	77
Alumbrera (56.25%)	65,297	0.012	16	5,154	0.010	1
MARA Total (56.25%)	95,447	0.014	30	121,198	0.029	78
Total Molybdenum Mineral Resources	95,447	0.014	30	121,198	0.029	78

Totals may not add due to rounding
*Wasamac property acquired on January 21, 2021
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)
725	266.9	6,220	1,281	183.7	7,561
0	0.0	0	825	46.1	1,224
725	266.9	6,220	2,106	129.8	8,786
7,022	109.0	24,599	5,208	118.0	19,758
0.00	0.0	0	13,767	18.9	8,380
1,019	28.8	942	0	0.0	0
8,041	98.8	25,541	18,975	46.1	28,138
6,230	26.4	5,279	4,678	23.9	3,596
14,996	76.8	37,039	25,759	48.9	40,520
146,194	1.8	8,442	417,881	1.6	21,765
0	0.0	0	0	0.0	0
146,194	1.8	8,442	417,881	1.6	21,765
4,700	23.0	3,523	900	21.0	575
150,894	2.5	11,965	418,781	1.7	22,340
165,889	9.2	49,004	444,541	4.4	62,859

Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
146,194	0.28	914	417,881	0.23	2,119
70,451	0.30	469	1,708	0.17	6
216,645	0.29	1,383	419,590	0.23	2,125
216,645	0.29	1,383	419,590	0.23	2,125

Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
6,230	1.34	184	4,678	1.42	147
6,230	1.34	184	4,678	1.42	147

Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
146,194	0.030	90	417,881	0.030	276
70,451	0.011	17	1,708	0.008	1
216,645	0.022	107	419,590	0.030	277
216,645	0.022	107	419,590	0.030	277

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

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Operations		
Canadian Malartic (50%)	Price assumption: $1,250 gold	Price assumption: $1,250 gold. Cut-off grades correspond to 75% of the cut-off used to estimate the mineral reserves
	Open pit cut-off grades range from 0.39 to 0.40 g/t gold	Canadian Malartic, Barnat and other zones cut-off grades range from 0.29 to 0.40 g/t gold inside pit, and from 1.15 to 1.20 g/t gold outside or below pit (stope optimized)
	Metallurgical recoveries for gold averaging 90.5%	Underground cut-off grade at Odyssey is 1.00 to 1.30 g/t gold (stope optimized)
		Underground cut-off grade at East Malartic is 1.10 to 1.40 g/t gold (stope optimized)
		Underground cut-off grade at East Gouldie is 1.10 to 1.25 g/t gold (stope optimized)
Cerro Moro	Price assumptions: $1,250 gold and $18.00 silver	Price assumptions: $1,250 gold and $18.00 silver. NSR cut-off values correspond to 75% of reserves cut-off
	Underground NSR cut-off at $215/ton and open pit NSR cut-off at $123/ton	Underground NSR cut-off at $161.25/ton and open pit NSR cut-off at $92.25/ton
	Metallurgical recoveries average 95% for gold and 93% for silver	Heap leach resource reported at NSR cut-off value of $95/ton (underground) and $26/ton (open pit)
		Constrained in optimized stopes and pit shells
El Peñón	Price assumptions: $1,250 gold, $18.00 silver	Price assumptions: $1,250 gold, $18.00 silver
	Open Pit cut-off at $49.14/ton	Underground cut-off at $95.31/ton, which corresponds to 75% of the cut-off value used to estimate the mineral reserves
	Underground cut-off at $127.08/ton	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 84.13% to 97.38% for gold and from 56.47% to 92.33% for silver
	Metallurgical recoveries for open pit ores range from 84.13% to 89.22% for gold and from 79.71% to 81.67% for silver	Metallurgical recoveries for tailings estimated to be 60% for gold and 30% for silver
	Metallurgical recoveries for underground ores range from 84.13% to 97.38% for gold and from 56.47% to 92.33% 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 assumption: $1,250 gold	Price assumption: $1,250 gold
	Underground reserves are reported at variable cut-off grades by zone ranging from 0.99 g/t gold to 1.20 g/t gold	Underground cut-off grade of 1.00 g/t gold, which corresponds to 75% of the cut-off used to estimate the mineral reserves
	Metallurgical recovery is 96.5%	Underground mining shapes were subsequently excluded based on evaluation for eventual conversion to mineral reserves based on proximity to existing mined-out stopes and cut-off grade
		Minimum mining width of 1.5 meters, considering internal waste and dilution

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

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Operations		
Minera Florida	Price assumptions: $1,250/oz gold, $18.00/oz silver and $1.25/lb Zinc	Price assumptions: $1,250/oz gold, $18.00/oz silver and $1.25/lb Zinc
	Underground cut-off for the Core Mine Zones $92.86/ton and for Las Petaguas Zone $91.48/ton	Underground mineral resources are estimated at a cut-off value of $92.86/ton for the Core Mine Zone and $69.64/ton for Las Pataguas Zone which is constrained to underground mining shapes
	Metallurgical recoveries range between 91.36% and 92.17% for gold, between 62.93% and 65.88% for silver and between 75.22% and 75.38% for zinc	Metallurgical recoveries are 92.17% for gold, 65.88% for silver and 75.22% for zinc
Yamana Gold Projects		
Arco Sul	N/A	Price assumption: $1,250 gold.
		Underground cut-off grade at 2.00g/t, which corresponds to 75% of the cut-off that would be used for mineral reserves
		Mineral resources reported within optimized underground mining shapes
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 assumptions: $1,300 gold and $3.50 copper
		Cut-off grade at 0.2 g/t gold and 0.1% copper
MARA: Agua Rica (56.25%)	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/ton, based on metal price assumptions of $3.00/lb Cu, $1,250/oz Au, $18/oz Ag, and $11/lb Mo. A LOM average open pit costs of $1.72/ton moved, processing and G&A cost of $6.70/ton of run of mine processed. The strip ratio of the mineral reserves is 1.7 with overall slope angles varying from 39º to 45º 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/ton milled with overall slope angles varying from 39º to 45º depending on the geotechnical sector.
MARA: Alumbrera (56.25%)	N/A	Price assumptions: $1,300 gold, $2.83 copper.
		Alumbrera deposit: Whittle pit shell cut-off at 0.22% copper equivalent
		Bajo El Durazno deposit: 0.2 g/t Au cut-off within pit shell
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
Wasamac	Price assumption: $1,300/oz gold	Price assumption: $1,500 gold. Exchange rate of US$0.80 = C$1.00
	Underground cut-off grade 1.0 g/t gold (stope optimized)	Underground cut-off grade at 1.0 g/t gold
	Average of 16.2% mine dilution and 86.4% mine recovery	Minimum mining width of four metres

2. All Mineral Reserves and Mineral Resources have been estimated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101, other than the estimates for the Alumbrera mine which have been estimated in accordance with the JORC Code which is accepted under NI 43-101.
3. All Mineral Resources are reported exclusive of Mineral Reserves.
4. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.
5. Mineral Reserves and Mineral Resources are reported as of December 31, 2020.
6. For the qualified persons responsible for the Mineral Reserve and Mineral Resource estimates at the Company's material properties, see the qualified persons list below

Property	Qualified Persons for Mineral Reserves	Qualified Persons for Mineral Resources
Canadian Malartic	Guy Gagnon, Eng., Canadian Malartic Corporation	Pascal Lehouiller, P. Geo, Canadian Malartic Corporation
El Peñón	Sergio Castro, Registered Member of the Chilean Mining Commission, Yamana Gold Inc.	Marco Velásquez Corrales, Registered Member Chilean Mining Commission, Yamana Gold Inc.
Jacobina	Eduardo de Souza Soares, MAusIMM CP (Min), Yamana Gold Inc.	Dominic Chartier, P.Geo, Yamana Gold Inc. and Dr. Jean-François Ravenelle, P.Geo., Yamana Gold Inc.

2020 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, 2020 ("Consolidated Financial Statements"). (All figures are in United States Dollars ("US Dollars") unless otherwise specified and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

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

- *Cash costs per 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 and descriptions associated with the above performance measures can be found in Section 12: 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 13: Disclosure Controls and Procedures in this MD&A.

MANAGING COVID-19

Since the emergence of the global COVID-19 pandemic, the Company's crisis response team, the members of which are its senior executives and operational leaders, has taken quick and decisive action to respond to the pandemic during a fluid and fast-moving environment. The Company has adjusted and managed its business effectively during this period, mitigating risks and further advancing opportunities, while ensuring the safety of employees, contractors and host communities.

Although the Company responded rapidly to the COVID-19 pandemic and has been successful in limiting the spread of COVID-19, there have been confirmed employee cases at site and in the communities surrounding the Company's operations. However, with the implementation of monitoring, testing, quarantine and contact tracing protocols, the Company has been able to isolate incidents of infection and limit their spread. Overall, the number of infected persons is not significant at sites and the Company continues to monitor the recoveries of those infected. In the fourth quarter of 2020, the number of employees infected with COVID-19 rose, primarily as a result of increasing cases globally and in the regions where employees reside.

The Company will continue to manage its business in a way that respects, and is mindful of, the impact that COVID-19 has had and could have on local communities. The Company has endeavoured to manage its operations with the safeguarding of individuals at site and in local communities in mind. Numerous protocols have been adopted to ensure that the safety and health of employees and persons in local communities is maintained. The Company has had the assistance of a team of International SOS doctors at all South American sites to review and validate the Company's COVID-19 protocols. These reviews found that the Company's operations were doing extremely well in preventing the contagion and spread of COVID-19 at sites. Contributions in communities via employee screening and testing have helped to identify and trace cases near our mine sites, and the Company served an important early warning function in the communities in which it operates. Further, the Company has implemented best-in-class COVID prevention measures in its Toronto and regional offices, which are abiding by recommendations of local public health and government authorities. Staff at office sites are primarily working remotely and the Company expects a phased re-opening of offices once COVID caseloads decline and vaccination rates have increased.

The Company has actively responded to the global COVID-19 pandemic through a variety of means, such as:

- Implementing heightened levels of health screening and where cases are potentially revealed, isolation and support to workers who may have been exposed;
- Donating face masks, hand sanitizer, medical equipment and other critical supplies, and making site medical teams available to support ambulances and local health officials in the communities in which the Company operates;
- Transferring beds and supplies from camps to temporary hospitals, and working alongside local NGOs and small businesses to shift production to manufacturing masks for local community members and employees;
- Working with host communities to develop and implement local crisis management plans;
- Building up the capacity of local health clinics to be able to effectively manage community COVID cases, including the purchase of respirators, testing equipment, computers and other critical equipment;
- Donating, and anticipating to donate, hundreds of thousands of dollars in support of communities moving forward.
- Creating digital platforms for the company to maintain a dialogue with communities about COVID-19 and other concerns.
- Further, in an effort to improve procedures, protect workers and respond quickly to specific situations, Canadian Malartic installed a COVID-19 screening test laboratory directly at the site were nursing staff collect samples and anyone entering the site may be required to take a screening test.

Yamana commends the remarkable dedication, commitment, professionalism, and compassion of its employees, contractors and suppliers, who have come together in these challenging times to drive success.

For further details on how the Company has actively responded to the global COVID-19 pandemic, please refer to *Section 1 Highlights and Relevant Updates - Health, Safety, Environment and Corporate Responsibility*.

1. HIGHLIGHTS AND RELEVANT UPDATES

For the three months ended December 31, 2020 unless otherwise noted

- Strong gold production of 221,659 ounces, following standout performances from Jacobina and Minera Florida. At Jacobina, production reached an all-time high and increased for the seventh consecutive year, and annual production at Minera Florida reached its highest level since 2010 and the second highest total since the mine entered production in 1986, excluding gold production from the reclamation of historic tailings.

- While production was on plan during the fourth quarter, further changes to COVID-19 restrictions were imposed by the Government of Argentina near the end of the year. Such restrictions were particularly stringent during December, impacting production at Cerro Moro. While production at Cerro Moro was below budget, production in the fourth quarter was the highest of the year and production in December was 15,121 GEO, which represents a significant improvement over prior months and quarters. Cerro Moro was also particularly impacted during the year. After the Government of Argentina mandated shutdown in March, the mine resumed operations in early April following the government's declaration of mining an essential service in April. Nonetheless, provincial restrictions over interprovincial travel temporarily extended the length of the operational ramp-up that occurred through the third quarter.

- Above plan silver production of 2,586,662 ounces, underpinned by an exceptionally strong performance from El Peñón, which greatly exceeded plan with mine sequencing favouring mining of higher silver grade zones.

- GEO production of 255,361 ounces in line with plan.

- Full year production[(ii)] of 901,155 GEO, including 779,810 ounces of gold and 10,365,662 ounces of silver, exceeded original guidance for the year of 890,000 GEO, and was within the plus or minus three per cent variance range of the Company's revised guidance. GEO production for the year at Jacobina, El Peñón, Canadian Malartic, and Minera Florida were all well above plan. The entire difference was attributable to further changes to COVID-19 restrictions imposed in Argentina near the end of the year which impacted production at Cerro Moro.

- Full year unitary total cost of sales, cash costs[(i)] and AISC[(i)] were $1,151, $701 and $1,080 respectively, which were modestly higher than previously forecast, mostly impacted by lower production at Cerro Moro, resulting from the re-imposition of national safety measures in Argentina in December. The Company had also anticipated that more production from Barnat at Canadian Malartic would be classified as commercial production, and as costs for such production were expected to be lower than the Company's average, overall costs would have been positively impacted. With more pre-commercial production from Barnat, costs were not positively impacted, but the margin generated from Barnat's pre-commercial production was treated as a reduction to expansionary capital. This significant cash flow benefit resulted in the reduction of expansionary capital for the year by a further $14 million compared with plan. The net results of the modestly higher costs and lower expansionary capital was neutral, and consequently had little impact to overall generation of cash flows for the year.

- Mine operating earnings of $364.3 million, which increased by $268.9 million or 282%, in relation to the comparative prior year quarter. The increase is related the strong precious metal price environment, strong operational performances despite the impact of COVID-19 in the current year, and a net gross impairment reversal of $191.0 million taken in the fourth quarter of 2020, as noted in the Other Financial Updates section below.

- Net earnings of $103.0 million or $0.11 per share basic and diluted, compared to $14.6 million or $0.02 per share basic and diluted for the three months ended December 31, 2019. Adjusting items of $4.7 million, that management believes may not be reflective of current and ongoing operations, and which may be used to adjust or reconcile input models in consensus estimates, increased earnings for the current period. Adjustments in the current period include $9.2 million of costs incurred in association with COVID-19-related temporary suspensions, standby and other incremental costs at certain operations. For a complete list of adjustments, refer to *Section 3: Review of Financial Results*.

- Strong cash flows from operating activities of $181.5 million and cash flows from operating activities before net change in working capital(i) of $207.4 million reflect the impact of strong precious metal prices and the positive impact of foreign exchange on the costs of the Company. Cash flows from operating activities are at multi-year highs, which include periods with considerably more production from mines that have since been divested or discontinued.

- The Company generated net free cash flow(i) of $118.9 million, comparable to net free cash flow(i) of $123.2 million in the comparative prior year quarter, despite a reduction of sales predominantly attributable to production exceeding sales for the quarter, driven largely by strong gross margins, along with lower interest and other finance expenses in the period associated with lower levels of long term debt.

- To ensure consistency of, and prospects for cash flows, the Company compares cash flows in a particular quarter with the average of cash flows in the preceding three quarters. This measure is looked at on a rolling basis quarter over quarter. Continuing with a recent trend, cash flows from operating activities and net free cash flow(i) for the quarter exceeded the averages of such cash flows for the preceding three quarters by 25% and 6% respectively, thereby further demonstrating the strength and resilience of the cash flow generation capacity of the Company.

- As at December 31, 2020, the Company had cash and cash equivalents of $651.2 million. Cash balances include cash acquired on the integration of the Agua Rica project with the Minera Alumbrera plant and infrastructure in the fourth quarter of 2020 ("MARA Project"), with a December 31, 2020 balance of $223.1 million, which is available for utilization by the MARA Project. The remainder of the cash balance of $428.1 million, along with further liquidity and incoming cash flows, is sufficient to fully manage the Company's business and available for the Company's capital allocation objectives. This includes, but is not limited to obligations related to the Jacobina plant expansions, development of the Odyssey underground project at Canadian Malartic, generative exploration, and further financial position improvements, while having excess funds to dedicate to possible other opportunities and dividend increases.

- The Company has achieved its financial management objective of a leverage ratio of net debt to EBITDA(i) of below 1.0x when assuming a bottom-of-cycle gold price of $1,350 per ounce, underscoring the Company's significant financial flexibility and best-in-class financial position. Net debt(i) decreased by $53.4 million in the quarter to $565.7 million, which advances the Company's objective of achieving a positive net cash(i) position, which is now well ahead of schedule. As expected and planned, capital expenditures during the fourth quarter were higher than the third quarter as the result of timing delays caused by COVID-19, and interest was paid, as payments customarily occur in the second and fourth quarters. Further, a working capital outflow occurred due to the timing delays of collection of recoverable indirect tax credits, payments associated with prepaid expenditures and advances, and an inventory buildup due to production exceeding sales that will normalize in 2021. The Company's next scheduled debt repayment is in 2022 which is expected to be repaid in full rather than refinanced.

- Increased gold mineral reserves and mineral resources, with further details as follows:
    - Replacement of mineral reserve depletion on a consolidated basis for Yamana Mines
        - Jacobina added approximately 300,000 ounces of mineral reserves, net of depletion. Average mineral reserve grade has modestly decreased as a result of parallel reefs at lower grades that are considered economical to mine. Operational costs will consequently not be affected by the change in reserve grade.
        - At Canadian Malartic, an optimized design of the Barnat pit resulted in an increase in gold mineral reserves, which significantly reduced depletion resulting from production. On a 50% basis, while 325,000 ounces of mineral reserves were depleted through production, the optimized pit design resulted in an increase of approximately 150,000 ounces. This, combined with other small additions, resulted in net depletion of only 175,000 ounces. This allows for approximately half a year of additional mine life from the open pit operation.
        - For El Peñón, the mineral reserve increase more than offset depletion for the third consecutive year. Mineral resources are comprised of multiple veins at different grades. The Company plans to draw into inventory higher conviction mineral resources from veins which are at mineral reserve grade and close to the existing mine. The Company notes an increase in mineral reserve grade from 2019, highlighting that new ounces are being converted to mineral reserves at higher than average mineral reserve grade.
        - At Cerro Moro, mineral reserves changed due to 2020 depletion and adjustments to the geological models. Higher grade intercepts at depth at Zoe and Escondida late in the year are not included in the year-end mineral reserves and mineral resources but will be followed up with drilling in 2021, along with targets that can add to a potential heap leach inventory.
    - Significant increase in mineral resources
        - Notable increase in East Gouldie at Canadian Malartic of 1.84 million ounces (at 50%) of inferred mineral resources.
    - Further, through the acquisition of the Wasamac property, discussed in Strategic Developments, the Company has been able to increase its mineral reserves and mineral resources at a very advantageous purchase price.
    - Lastly, the Company's proportionate interest in the MARA Project inventory, which has generally been shown outside of the Company's subtotals, has been added to inventory as at December 31, 2020, given its advanced stage and the completion of the integration of the Agua Rica project and Minera Alumbrera plant and infrastructure.

- Following impressive technical study results obtained in early February of 2021, the Company and its partner made a positive construction decision of the Odyssey project at Canadian Malartic, with first production from the Odyssey South deposit expected in 2023. The technical study outlined robust economics, a significant increase in mineral resources, and a mine life extension to at least 2039. Whereas the Company had originally considered a production platform conservatively in the range of 450,000 ounces per year, the mine now supports an expected increased annual gold production of 500,000 to 600,000 ounces on a 100% basis. Further extension of the mine life beyond 2039 provides additional upside, with several opportunities under evaluation. A NI 43-101 technical report for the Canadian Malartic operation is expected to be filed in March 2021 and will include a summary of the Odyssey underground project. Please refer to Strategic Developments, Construction Developments and Advanced Stage Projects for further details.

- Combined with modest near to mid-term capital requirements for the Company, the substantive improvement in financial position has provided the flexibility to continue returning capital to shareholders through measured and sustainable dividend increases. As such, On October 7, 2020, the Company increased its annual dividend by a further 50% to $0.105 per share, for shareholders of record at the close of business on December 31, 2020. At the new rate, the dividend will be 425% higher than the rate just 18 months ago. The Company had previously established a policy of representing the dividend on a per GEO basis, with the objective of maintaining the dividend of between $50 to $100 per GEO, and this increase positions the dividend at the high end of the range, at $100 per ounce. In the quarter, the Company modified its dividend policy such that it will no longer provide a range for its dividend on a per GEO basis, with future dividend increases above the new floor of $100 per GEO based entirely on the cash flow and cash generation capacity of the Company. As its cash flows and cash balances increase, its dividend will rise correspondingly as a percentage of cash flows and commensurate with increasing cash balances from cash flows and sources that supplement cash flows. With current levels of cash on hand, the Company would have sufficient available funds to fund its business and pay the new current dividend for several years independently of gold price. For further information on the Company's approach to maximizing cash returns to shareholders, refer to *Section 2: Core Business, Strategy and Outlook*.

- On October 23, 2020, the outstanding $100.0 million of the Company's $750.0 million credit facility was repaid, following strong third quarter operational results, and increased liquidity and financial flexibility. This follows the repayment of the initial $100.0 million in June, of the $200.0 million drawn during the first quarter of 2020 as a precaution due to the uncertainty around COVID-19.

- During the fourth quarter, the Company announced a further 50% increase to its annual dividend to $0.105 per share, driven by strong free cash flow generation.

- The Company balances two additional capital allocation priorities in addition to paying, maintaining and increasing dividends, which are financial management and pursuing and funding growth. In the context of growth, the Company pursues growth that is measured and consistent with the Company’s size, scale and financial resources. Opportunities for growth should meet the Company's minimum requirements that they should be funded through internal resources, meet minimum return levels that well exceed cost of capital and be of a specific size. In terms of size, opportunities should have mineral reserves and resources of at least 1.5 million ounces, which the Company considers large enough to support a mine plan with annual gold production of approximately 150,000 ounces for at least eight years. The Company does not categorize opportunities based on their size alone nor tier assets into various categories. The objective is to deliver robust returns, significant cash flows and accelerated payback. While the Company has a large portfolio of prospective and advancing exploration and development opportunities that will provide it with measured growth, as an extension of the strategy, the Company will consider the acquisition of earlier stage exploration and development opportunities, particularly where the Company can provide added value either through its regional presence, expertise or both. For full details on the Company's investment strategy, please refer to *Section 2: Core Business, Strategy and Outlook*.

- As a continuation of Yamana’s climate change actions, the Company has formally adopted a climate strategy, approved by the Board of Directors, to demonstrate the Company’s commitment to the transition to a low-carbon future. The strategy is underpinned by adoption of two targets: a 2°C science-based target (“SBT”) and an aspirational net-zero 2050 target. The targets are supported by foundational work to be performed in 2021 to establish a multi-disciplinary Climate Working Group, determine our emissions baseline, develop the Greenhouse Gas (“GHG”) abatement pathways required to achieve the 2°C SBT and establish preliminary, operations-specific roadmaps that describe abatement projects, estimated costs and schedules. These actions will help ensure that our long-range GHG reduction efforts are supported by practical and operationally focused short, medium and long-term actions to achieve the targets.

Other Financial Updates

- Significant events having a non-cash accounting impact during the fourth quarter, that are not reflective of ongoing operations, include a positive impact related to a gross net impairment reversal of $191.0 million before tax, or $37.6 million after tax. The Company believes that its overall net asset value is also further enhanced by the acquisition of Wasamac and by the MARA Project, both discussed under the Strategic Development section of this MD&A. The impact of the aforementioned net impairment reversal is as follows (Refer to *Section 3*: *Review of Financial Results* of this MD&A for additional details):
    - An impairment reversal of $560.0 million in respect of El Peñón, which generated a $173.7 million deferred income tax expense, for a total net gain of 386.3 million.
    - An impairment of $369.0 million in respect of Cerro Moro, which generated a $20.0 million deferred income tax recovery, for a total net loss of $348.7 million.

Strategic Developments, Construction Developments and Advanced Stage Projects:

- **MARA Project Integration**
    - On December 17, 2020, the Company completed the project integration with Glencore International AG and Newmont Corporation and a new partnership was formed to manage, develop and operate the project. The development will be pursuant to the plan contemplated in the agreement and by the partners, and the Agua Rica project will be developed and operated using the existing infrastructure and facilities of Alumbrera in the Catamarca Province of Argentina. Going forward, the integrated project will be known as the MARA Project.
    - Under the agreement, Yamana, as the sole owner of Agua Rica, and the partners of Alumbrera have created a new Joint Venture pursuant to which Yamana holds a controlling ownership interest in the MARA Project at 56.25%. Glencore holds a 25.00% interest and Newmont holds an 18.75% interest. Yamana will be the operator of the Joint

Venture and will continue to lead the engagement with local, provincial, and national stakeholders, and completion of the Feasibility Study and Environmental Impact Assessment for the MARA Project.

    - A MARA Project Joint Venture Technical Committee ("Technical Committee") has been formed and is comprised of representatives of the three companies. The Technical Committee is now advancing a full Feasibility Study of the Integrated Project, with updated mineral reserve, production and project cost estimates. COVID-19 introduced uncertainty into the timeline relating to the completion of the Feasibility Study, mainly due to environmental permit approvals and field work, although as the permit process is well advanced, work preparation has begun in anticipation of receiving necessary authorizations in normal course. Despite the aforementioned delays, Feasibility Study work is ongoing and key technical results are expected during 2021. While the Company continues to advance the Feasibility Study, it notes that a considerable amount of information in the Pre-Feasibility Study is already at Feasibility Study level mostly as a result of the Integration Transaction. The full Feasibility report and EIA completion are expected in 2022.

- **Acquisition of Wasamac Property and Camflo Property and Mill (Acquisition of Monarch Gold)**
    - On January 21, 2021 the Company completed the acquisition of the Wasamac property and the Camflo property and mill through the acquisition of all of the outstanding shares of Monarch Gold not owned by Yamana. Yamana previously announced that it had entered into a definitive agreement with Monarch Gold on November 2, 2020 to acquire the properties under a plan of arrangement. In connection with the plan of arrangement, Monarch completed a spin-out to its shareholders, through a newly-formed company, of its other mineral properties and certain other assets and liabilities of Monarch.
    - Under the terms of the Transaction, Monarch shareholders received the following per Monarch share: 0.0376 of a Yamana share; C$0.192 in cash; and 0.2 of a share of Monarch Mining. Yamana issued 11,608,195 Yamana Shares and paid approximately C$59.3 million in cash, for total consideration of approximately C$136.1 million. Yamana's consideration on close represented a value paid for the Wasamac asset of under $67 per ounce of mineral reserves and under $42 per ounce of mineral resources, based on mineral reserves and mineral resources in the feasibility study noted below and net of Yamana's existing Monarch interest in Wasamac.
    - The Wasamac project further solidifies the Company's long-term growth profile with a top-tier gold project in Quebec's Abitibi region, where Yamana has deep operational and technical expertise and experience. The geological characteristics of the Wasamac ore body suggest it holds the potential to be an underground mine with the same scale, grade, production, and costs as Yamana's successful Jacobina mine, and possesses many parallels to the underground project at Canadian Malartic. The Wasamac project consists of a single, continuous shear zone with a consistent grade distribution and wide mining widths, making it amenable to simple, productive, and cost efficient underground bulk mining methods. The deposit has existing proven and probable mineral reserves of 1.8 million ounces of gold at 2.56 grams per tonne. Mineral resources and mineral reserves are supported by a Feasibility Study completed by Monarch in 2018 which outlined a 6,000 tonnes per day ("tpd") operation with average gold production of 160,000 ounces per year. Costs are expected to be at the lower end of the Company's profile, providing an improvement to consolidated costs.
    - There remains excellent potential for significant future exploration success and mineral resource conversion, with the Wasamac deposit remaining open at depth and along strike. The Company will target increasing the mineral inventory and perform optimizations to further enhance the project's value, advance engineering, and de-risk execution. Yamana plans to commence an exploration and infill drilling campaign and other studies to refine and expand upon the potential of Wasamac and its development alternatives, with an update on these plans to be provided by the third quarter of 2021.
    - Prior to closing the acquisition of Wasamac, in late 2020 the Company began the process of opening a regional office in the Abitibi region, and hiring personnel to manage the permitting process and related studies to update the feasibility study.

- **Jacobina Optimization Project**
    - The Phase 1 optimization project, whose objective was to stabilize throughput at a sustainable 6,500 tpd, was completed in June of 2020 and the project has exceeded expectations. The Company has identified opportunities to further optimize the results and recoveries achieved in Phase 1 with a modest investment. Consequently, works commenced in the third quarter for the expansion of the gravity concentration circuit, with commissioning scheduled for mid-2021, with an objective to optimize gold recovery at the higher throughput rate.
    - In addition to the incremental optimization of Phase 1, the Company is advancing the Phase 2 expansion at Jacobina, for an increase in throughput to 8,500 tpd. The Company is currently in the engineering phase, with permitting underway. Included in the mine's expansionary budget in 2021 of $29.0 million, is approximately $18.0

million for the procurement of long-lead items and expansionary development to support the higher throughput to the mill. The throughput increase will be achieved through the installation of an additional grinding line and incremental upgrades to the crushing and gravity circuits. The Phase 2 expansion is expected to increase annual gold production to approximately 230,000 ounces per year, representing a 28% increase from current levels, reduce costs, and generate significantly more cash flow and attractive returns. The Company expects to provide an update regarding capex and development schedule in mid-2021 once studies are finalized to conclude permitting. The Company anticipates that the updated capital costs will not exceed the previously estimated and disclosed $57 million, and it has already begun to incur these costs for long-lead time items. The estimated capital costs of $57 million had been based on an assumed BRL:USD rate of 4.0. The BRL:USD foreign exchange rates are currently higher at over 5.0, and consequently, the Company anticipates that the weaker rates will provide capital cost and operating cost benefits.

    - Separately, Jacobina is studying the installation of a backfill plant to allow up to 2,000 tpd of tailings to be deposited in underground voids. Preliminary results indicate that the project has the potential to improve the way in which the Company manages the environment and environmental impact, extend the life of the existing tailings storage facility consequently decreasing future capital investment intensity, and improve mining recovery resulting in an increased conversion of mineral resources to mineral reserves. The placement of backfill in empty stopes would allow for greater recovery of mineralized pillars that otherwise would have been left behind to ensure ground stability. Backfill in strategic higher grade zones would increase mineral reserves with the recovery of those mineralized pillars. The Company is advancing the backfill project to a feasibility study, to be completed in early 2021.
    - Lastly, the Company has also begun a conceptual study on a Phase 3 expansion, which would increase throughput to 10,000 tpd, utilize the third grinding line, while expanding crushing and leaching circuits and adding additional mining equipment and infrastructure.

- **Canadian Malartic Underground Construction Decision**
    - During the fourth quarter, the Company continued to advance studies related to the underground project at Canadian Malartic, which consists of the East Gouldie, Odyssey, and East Malartic zones (collectively known as the Odyssey project).
    - Following impressive technical study results obtained in early February of 2021, the Company and its partner made a positive construction decision of the Odyssey project at Canadian Malartic, with first production from the Odyssey South deposit expected in 2023. The technical study outlined robust economics, a significant increase in mineral resources, and a mine life extension to at least 2039. Whereas the Company had originally considered a production platform conservatively in the range of 450,000 ounces per year, the mine now supports an expected increased annual gold production of 500,000 to 600,000 ounces on a 100% basis. Further extension of the mine life beyond 2039 provides additional upside, with several opportunities under evaluation. A NI 43-101 technical report for the Canadian Malartic operation is expected to be filed in March 2021 and will include a summary of the Odyssey underground project.
    - On a 100% basis, initial expansionary capital of $1.14 billion is expected to be spent over a period of eight years, with capital requirements in any given year manageable and fully funded using the Company's cash on hand and free cash flow generation. Additionally, other growth capital expenditures and modest sustaining capital during the construction period total $191.4 million. Gold production during the 2021 to 2028 construction period is expected at 932,000 ounces (on a 100% basis) at cash costs of $800 per ounce. The net proceeds from the sale of these ounces would significantly reduce the external cash requirements for the construction of the project which, assuming the gold price used in the financial analysis for the project, would reduce the projected capital requirements in half. On a 100% basis, average annual payable production is expected to be approximately 545,400 ounces from 2029 to 2039 with total cash costs per ounce of approximately $630 per ounce. Sustaining capital from 2029 to 2039 is expected to average approximately $55.8 million per year.
    - Construction of surface infrastructure and the portal in preparation for development of the ramp started in August of 2020. The Company and its partner completed the construction of the mine office and surface facilities in the fourth quarter, to support the development, and further advanced the development of the exploration ramp into Odyssey and East Malartic. The exploration ramp is designed with the purpose of mining their respective upper zones and providing further exploration access to allow tighter drill spacing to further define the mineral resource base, along with headframe construction and shaft sinking. The new ramp will also provide the ability to carry out bulk sampling of 40,000 tonnes of mineralization. The budget for the ramp is C$15.25 million for 2021 on a 50% basis. Development of the exploration ramp is anticipated to take approximately two years to complete, with the first drilling platform will be established in the third quarter of 2021.

- ◦ A 2.3 kilometre geotechnical hole in the shaft area has been completed, and detailed engineering has begun in relation to the shaft and headframe. The shaft is envisioned as a 6.4-metre diameter, 1.8 kilometre deep shaft with a hoisting capacity of approximately 20,000 tpd. As noted, the Company's current expectation is that production from Odyssey South will begin in 2023 from the ramp, while the Company sinks the shaft to East Gouldie, with a goal to start production from East Gouldie in 2027.

For full details on the aforementioned updates, please refer to *Section 5: Construction, Development and Other Initiatives.*

(i) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures*.
(ii) Included in the year ended December 31, 2020 gold production includes 18,929 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 costs of sales capitalized to mineral properties.

OPERATING

Fourth quarter GEO production of 255,361 ounces exceeded plan and was comparable to prior year production of 256,288 ounces. Catalysts included standout gold production performances from Jacobina and Minera Florida and strong silver production performance from El Peñón, all of which exceeded plan. Production was on plan until changes to COVID-19 restrictions imposed in Argentina near the end of the year, and in particular in the second half of December, impacted production at Cerro Moro. Cerro Moro production was impacted by the ongoing mobilization challenges. GEO assumes gold ounces plus the gold equivalent of silver ounces using a ratio of 76.82 for the three months ended December 31, 2020, and 85.54 for the three months ended December 31, 2019. GEO calculations are based on an average realized gold to silver price ratio for the relevant period.

Fourth quarter unitary total cost of sales and cash costs[iii] were $1,131 and $675 respectively, relatively consistent with $1,117 and $656 in the comparative 2019 period. AISC[iii] for the three months ended December 31, 2020 were $1,076 per GEO sold, compared to $1,011 per GEO sold in the comparative period.

Fourth quarter costs were predominantly impacted by lower production, as a result of COVID-19 challenges primarily at Cerro Moro, due to safety-related measures in place at the mine during December, which reduced production compared to expectation and caused cost inefficiencies. Furthermore, fourth quarter consolidated sustaining capital increased as expected as the result of timing delays caused by COVID-19, and represented roughly one third of the total annual spend, which resulted in an increase in AISC[iii]. The higher planned capital expenditures per ounce were partially offset by strong performances from Jacobina and Minera Florida. Further, costs were positively impacted by foreign exchange as a result of the Brazilian Real, Argentina Peso, and Chilean Peso being weaker against the US Dollar during the three months ended December 31, 2020, compared to the same quarter of 2019.

Full year GEO production was 901,155, following strong gold production performances from Malartic, Jacobina and Minera Florida, and silver production performance from El Peñón which greatly exceeded plan. GEO assumes gold ounces plus the gold equivalent of silver ounces using a ratio of 88.86 for the year ended December 31, 2020, and 86.02 for the year ended December 31, 2019. GEO calculations are based on an average realized gold to silver price ratio for the relevant period.

Full year unitary total cost of sales, cash costs[iii] and AISC[iii] were $1,151, $701 and $1,080 respectively, mostly impacted by lower production at Cerro Moro, resulting from the re-imposition of national safety measures in Argentina in December. The Company had also anticipated that more production from Barnat at Canadian Malartic would be classified as commercial production, and as costs for such production were expected to be lower than the Company's average, overall costs would have been positively impacted. With more pre-commercial production from Barnat, costs were not positively impacted, but the margin generated from Barnat's pre-commercial production was treated as a reduction to expansionary capital. This significant cash flow benefit resulted in the reduction of expansionary capital for the year by a further $14 million compared with plan. The net results of the modestly higher costs and lower expansionary capital was neutral, and consequently had little impact to overall generation of cash flows for the year.

	For the three months ended December 31,		For the year ended December 31,	
	2020	2019	**2020**	2019
GEO				
Production (i)(ii)	**255,361**	256,288	**901,155**	972,143
Sales (i)(ii)	**246,955**	257,904	**876,520**	990,005
Per GEO sold data (ii)(iii)				
Total cost of sales (iv)	**$ 1,131**	$ 1,117	**$ 1,151**	$ 1,143
Cash costs (iii)	**$ 675**	$ 656	**$ 701**	$ 679
AISC (iii)	**$ 1,076**	$ 1,011	**$ 1,080**	$ 999

Gold and silver production for the quarter was as follows:

	For the three months ended December 31,		For the year ended December 31,	
	2020	2019	**2020**	2019
Gold				
Production (ounces) (i)(ii)	**221,659**	221,595	**779,810**	848,029
Sales (ounces) (i)(ii)	**213,439**	223,593	**754,970**	862,130
Per ounce data				
Revenue	**$ 1,875**	$ 1,486	**$ 1,777**	$ 1,392
Average Realized Price (iii)(v)	**$ 1,875**	$ 1,484	**$ 1,777**	$ 1,387
Average market price (vi)	**$ 1,873**	$ 1,480	**$ 1,770**	$ 1,392
Silver				
Production (ounces)	**2,586,662**	2,967,867	**10,365,662**	10,640,156
Sales (ounces) (vii)	**2,563,166**	2,935,673	**10,382,086**	11,009,552
Per ounce data				
Revenue	**$ 24.02**	$ 17.55	**$ 21.11**	$ 16.39
Average Realized Price (iii)(v)	**$ 24.02**	$ 17.50	**$ 20.93**	$ 16.26
Average market price (vi)	**$ 24.39**	$ 17.31	**$ 20.51**	$ 16.20

(i) Included in the gold production figure for the year ended December 31, 2020 is 18,929 of pre-commercial production ounces (3,137 pre-commercial production ounces are included in the three months and year ended December 31, 2019), related to the Company's 50% interest in the Canadian Malartic mine's Barnat pit which achieved commercial production on September 30, 2020. 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 costs of sales capitalized to mineral properties, captured as expansionary capital expenditures.
(ii) Comparative period GEO and gold figures exclude contributions from the Chapada mine, which was divested in July 2019. Production for the year ended December 31, 2019 excludes 52,311 ounces. Sales figures for the three months and year ended December 31, 2019 exclude (161) and 49,578 ounces, respectively, net of quantity adjustments.
(iii) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures*.
(iv) Cost of sales consists of the sum of 'cost of sales excluding Depletion, Depreciation and Amortization' ("DDA") plus DDA.
(v) Realized prices based on gross sales compared to market prices for metals may vary due to the timing of the sales.
(vi) Source of information: Bloomberg.
(vii) Included in the three months and year ended December 31, 2020 silver sales ounces are 268,620 and 1,001,135 ounces, respectively, delivered under the silver streaming arrangement (2019: 300,000 and 844,200, respectively).

HEALTH, SAFETY, ENVIRONMENT AND CORPORATE RESPONSIBILITY

Health, safety, environment and community relations ("HSEC") programs are integrated into all our operations, development projects, and exploration programs. Yamana recognizes the importance of striving to meet and exceed its HSEC responsibility the objectives and the role these efforts have in delivering on the overall objective of creating value for all stakeholders.

The Company has actively responded to the global COVID-19 pandemic, demonstrating the Company's commitment to environment, social and governance ("ESG") excellence in action and resilience. Consistent with its mission to mine precious metals profitably and responsibly, the Company is prepared to forego production as a way to safeguard its efforts to promote health, safety and well-being of its workforce and host communities.

The Company activated its crisis response team in the early phases of the COVID-19 outbreak, the members of which are the senior executives and operational leaders, to ensure it was in a position to take quick and decisive action in what remains a fluid and fast-moving environment. Some of the decisions and actions undertaken include:

- Restricting all employee travel and shifting to remote work arrangements at corporate and regional offices.
- Restricting visitors to the Company's mines.
- Increased screening procedures, including questionnaires, temperature checks and the use of COVID testing methodologies, for anyone seeking entry into a mine.
- Mandatory social distancing, including staggered meal times and shift changeovers to minimize the flow of people and facilitate rigorous social distancing.
- Increased cleaning and disinfecting procedures at all mines and offices.
- Increased support staff at on-site medical clinics at the Company's mines as a precautionary measure.
- Regular communications with medical experts and government authorities in every country where Yamana operates to ensure the proper precautions are in place to protect the health and safety of its employees, families, and host communities.
- Regular and active discussions with employees and union representatives to ensure they have input into health and safety precautions being implemented and that these measures and the reasons for them are well understood.
- Development of a detailed plan for a phased return to the Corporate and Regional offices.
- Working with host communities to develop and implement local crisis management plans.

Although the Company responded rapidly to the COVID-19 pandemic and has been successful in limiting the spread of COVID-19, there have been confirmed employee cases at site and in the communities surrounding the Company's operations. However, with the implementation of monitoring, testing, quarantine and contact tracing protocols, the Company has been able to isolate incidents of infection and limit their spread. The protocols implemented by the Company included contact tracing which allow each operation to rapidly identify any persons who may have come into contact with an individual who may have been infected, and to isolate and quarantine those persons, thereby limiting the spread of the infection. The individuals and those who have been in contact with the confirmed cases are then placed in in self-isolation. If at any point the Company determines that continuing operations poses an increased risk to its workforce or host communities, the Company will reduce operational activities up to and including care and maintenance and management of critical safety and environmental activities and systems. While the number of persons in quarantine has not been significant, representing only a small portion of the workforce as aforementioned, everyone initially infected has recovered. In the fourth quarter of 2020, the number of employees infected with COVID-19 rose, primarily as a result of increasing cases globally and in the regions where employees reside.

Yamana has been deeply committed to supporting its host communities throughout the COVID-19 crisis, with a wide range of initiatives including, but not limited to, the donation of thousands of facemasks, hand sanitizers, medical equipment and other critical supplies. In Chile and Brazil, the Company has made site medical teams and/or ambulances available to support local health officials fighting COVID-19 on the front lines. In Argentina, the Company is working with officials to transfer more than 80 beds and other supplies from the Cerro Moro camp to a temporary hospital, which has been established as a contingency for treating any future local COVID-19 patients. And in Brazil, the Company has worked with local NGOs and small businesses to help shift their production from clothing to production of masks for employees and local community members. In Canada, Yamana has donated $150,000 to St. Joseph’s Hospital for their COVID-19 efforts, as well as $20,000 to each of Foodbanks Canada and Conquer COVID-19 Canada. In addition, Canadian Malartic has donated a sum of $30,000 to various community organizations focusing on food aid and other support services for community members. These are just a few examples of the efforts that the Company and its operations are making to support the communities where it operates, with hundreds of thousands of dollars being allocated to the setting up of support funds for communities in the coming weeks and months. Overall, the Company has contributed more than $1 million dollars to community-related COVID initiatives.

As a continuation of Yamana’s climate change actions, the Company has formally adopted a climate strategy, approved by the Board of Directors, to demonstrate the Company’s commitment to the transition to a low-carbon future. The strategy is underpinned by adoption of two targets: a 2°C science-based target (“SBT”) and an aspirational net-zero 2050 target. The targets are supported by foundational work to be performed in 2021 to establish a multi-disciplinary Climate Working Group, determine our emissions baseline, develop the Greenhouse Gas (“GHG”) abatement pathways required to achieve the 2°C SBT and establish preliminary, operations-specific roadmaps that describe abatement projects, estimated costs and schedules. These actions will help ensure that our long-range GHG reduction efforts are supported by practical and operationally focused short, medium and long-term actions to achieve the targets.

Other recent highlights relating to HSEC are as follows:

- The Company's Total Recordable Injury Rate was 0.49[(i)] for the full year 2020, representing a 14% decrease from the 2019 result.
- Canadian Malartic installed a third-party COVID-19 testing lab, allowing the site to test employees and contractors prior to their entry. The lab is staffed by trained individuals and is fully operational 7 days a week.
- The Company's Jacobina operation was named "Mining Company of the Year" in the Precious Metals category by Brasil Mineral Magazine.
- The Company successfully completed its Year 1 implementation objectives associated with the World Gold Council's Responsible Gold Mining Principles.
- The Company successfully completed its the Year 1 implementation objectives associated with the Mining Association of Canada's Towards Sustainable Mining Framework.

(i) Calculated on 200,000 exposure hours basis including employees and contractors.

FINANCIAL

For the three months ended December 31, 2020

Net earnings for the three months ended December 31, 2020 were $103.0 million or $0.11 per share basic and diluted, compared to net earnings of $14.6 million or $0.02 per share basic and diluted for the three months ended December 31, 2019. Earnings for the three months ended December 31, 2020 were negatively impacted by $4.7 million of items that management believes may not be reflective of current and ongoing operations and which may be used to adjust or reconcile input models in consensus estimates. Significant and unusual adjusting items in the quarter include:

- A $191.0 million pre-tax gain due to net impairment reversals at the Company's mining properties as of December 31, 2020;
- A $3.0 million gain on the partial sale of an investment in an associate;
- A $21.9 million loss on the revaluation of the Company's monetary assets and liabilities, owing to movements in local currencies in multiple jurisdictions where the Company operates;
- A $3.4 million loss on the mark-to-market of the Company's outstanding equity instruments related to share-based payments in association with Performance Share Units and Deferred Share Units, resulting from an increase in share price;
- A $9.2 million expense, representing costs incurred by the Company as a result of COVID-19-related temporary suspensions, standby or reductions at certain operations, and direct incremental costs associated with operating under COVID-19 related restrictions. Costs were incurred predominantly at Cerro Moro due to government imposed restrictions on activity, and also in Chile and Brazil due to health authority regulations for temporary workforce reductions, and/or to promote social distancing;
- $1.8 million of non-cash tax losses on unrealized foreign exchange gains and $163.9 million of tax losses on non-routine transactions and adjustments, including on the aforementioned net impairment reversals.

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

The aforementioned $9.2 million in COVID-19 related costs can be divided into two major categories:

- Temporary suspension and standby costs, including those associated with placing certain mines in care and maintenance and subsequent ramp-up of those operations, and the underutilization of labour and contractors in relation to the pre-COVID mine plans, and
- Other incremental costs resulting from COVID-19 including community support, additional personal protective equipment acquisitions, higher transportation costs and overtime costs resulting from lower headcount levels on site to accommodate social distancing.

COVID-19 costs are disclosed as part of mine operating earnings as *temporary suspension, standby and other incremental COVID-19 costs*. The Company anticipates that suspension and standby costs will be minimized prospectively. With increasing numbers of the population receiving the vaccine, we would expect to see increasing immunity and decreasing caseloads, allowing for gradual easing our COVID-related controls, associated costs toward the second half of 2021. The breakdown of the expenditures incurred during the quarter are as follows:

For the three months ended December 31, 2020 *(In millions of US Dollars; unless otherwise noted)*	**Temporary suspension and standby costs**	**Other incremental COVID-19 costs**	**Total**
Canadian Malartic	$ —	$ 0.8	**$ 0.8**
Jacobina	—	0.5	**$ 0.5**
Cerro Moro	1.2	3.5	**$ 4.7**
El Peñón	0.3	1.7	**$ 2.0**
Minera Florida	0.7	0.5	**$ 1.2**
Total	**$ 2.2**	**$ 7.0**	**$ 9.2**

Despite the aforementioned temporary suspension, standby, and other incremental COVID-19 costs, mine operating earnings increased by $268.9 million or 282% in the three months ended December 31, 2020 compared to the same quarter last year, primarily due to a net impairment reversal of $191.0 million, combined with a strong precious metal price environment and the strong operating performances from Jacobina and Minera Florida. Excluding the net impairment reversal, mine operating earnings increased by $77.9 million. For detailed analysis on individual mines refer to *Section 4: Operating Segments Performance*.

For the year ended December 31, 2020

Net earnings for the year ended December 31, 2020 were $203.7 million or $0.21 per share basic and diluted, compared to net earnings of $225.6 million or $0.24 per share basic and diluted for the year ended December 31, 2019.

Earnings for the year ended December 31, 2020 were negatively impacted by $107.6 million of items that management believes may not be 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 December 31, 2020 include:

- A $191.0 million pre-tax gain due to net impairment reversals at the Company's mining properties;
- A $21.3 million gain recorded on the discontinuation of the equity method upon the Leagold-Equinox merger;
- A $1.4 million gain on the Company's investments;
- A $21.6 million loss on the revaluation of the Company's monetary assets and liabilities, owing to movements in local currencies in multiple jurisdictions where the Company operates;
- A $31.5 million loss on the mark-to-market of the Company's outstanding equity instruments related to share-based payments;
- A $40.5 million expense, representing costs incurred by the Company as a result of COVID-19 related temporary suspension or reductions at certain operations, and direct incremental costs associated with operating under COVID-19 related restrictions. Costs were incurred predominantly at Cerro Moro and Canadian Malartic due to government imposed restrictions on activity, and also in Chile and Brazil due to health authority regulations for temporary workforce reductions, and/or to promote social distancing;
- $52.8 million of non-cash tax losses on unrealized foreign exchange losses and $183.6 million of tax losses on non-routine transactions and adjustments, including on the aforementioned net impairment reversals.

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

COVID-19 costs are disclosed as part of mine operating earnings as *temporary suspension, standby and other incremental COVID-19 costs*. The Company anticipates that suspension and standby costs will be minimized prospectively. With increasing numbers of the population receiving the vaccine, we would expect to see increasing immunity and decreasing caseloads, allowing for gradual easing our COVID-related controls, associated costs toward the second half of 2021. The breakdown of the expenditures incurred during the year ended December 31, 2020 are as follows:

For the year ended December 31, 2020 *(In millions of US Dollars; unless otherwise noted)*	**Temporary suspension and standby costs**	**Other incremental COVID-19 costs**	**Total**
Canadian Malartic	$ 1.9	$ 2.6	**$ 4.5**
Jacobina	0.4	1.6	**$ 2.0**
Cerro Moro	10.4	8.8	**$ 19.2**
El Peñón	1.6	5.4	**$ 7.0**
Minera Florida	4.1	3.6	**$ 7.7**
Other Regional Costs	—	0.1	**$ 0.1**
Total	**$ 18.4**	**$ 22.1**	**$ 40.5**

Mine operating earnings for the year ended December 31, 2020 were $702.4 million, representing an increase of $344.7 million or 96% over the same period in 2019, primarily due to a gross net impairment reversal of $191.0 million, combined with the strong performances from Jacobina, El Peñón, Canadian Malartic and Florida, and strong precious metal prices, despite the aforementioned temporary suspension, standby, and other incremental COVID-19 costs. Additionally the comparative period had a contribution of $104.2 million from Chapada (divested in July 2019). For detailed analysis on individual mines please refer to *Section 4: Operating Segments Performance*.

Summary of Financial Results

(In millions of US Dollars; unless otherwise noted)	*For the three months ended December 31,* **2020**	2019	*For the year ended December 31,* **2020**	2019
Revenue	**$ 461.8**	$ 383.8	**$ 1,561.0**	$ 1,612.2
Cost of sales excluding DDA	**(166.8)**	(169.4)	**(614.1)**	(782.8)
Gross margin excluding DDA	**$ 295.0**	$ 214.4	**$ 946.9**	$ 829.4
Depletion, depreciation and amortization ("DDA")	**(112.5)**	(119.0)	**(395.0)**	(471.7)
Net Impairment reversal of mining properties	**191.0**	—	**191.0**	—
Temporary suspension, standby and other incremental COVID-19 costs	**(9.2)**	—	**(40.5)**	—
Mine operating earnings	**$ 364.3**	$ 95.4	**$ 702.4**	$ 357.7
General and administrative	**(23.4)**	(19.3)	**(85.9)**	(79.4)
Exploration and evaluation	**(6.0)**	(3.3)	**(15.1)**	(10.3)
Share of loss of associates	**—**	(0.3)	**(1.0)**	(16.3)
Other operating (expenses) income, net	**(1.5)**	(5.6)	**(14.6)**	222.4
Operating earnings	**$ 333.4**	$ 66.9	**$ 585.8**	$ 474.1
Finance costs	**(19.3)**	(21.6)	**(77.0)**	(144.2)
Other costs, net	**(21.6)**	(3.5)	**(18.7)**	(19.6)
Net earnings before income taxes	**$ 292.5**	$ 41.9	**$ 490.1**	$ 310.3
Income tax expense, net	**(189.5)**	(27.3)	**(286.5)**	(84.7)
Net earnings	**$ 103.0**	$ 14.6	**$ 203.6**	$ 225.6
Per share data				
Earnings per share - basic and diluted	**$ 0.11**	$ 0.02	**$ 0.21**	$ 0.24
Dividends declared per share	**$ 0.0263**	$ 0.0100	**$ 0.072**	$ 0.030
Dividends paid per share	**$ 0.0175**	$ 0.0100	**$ 0.056**	$ 0.025
Weighted average number of common shares outstanding (thousands)				
Basic	**952,435**	950,433	**951,818**	950,266
Diluted	**954,565**	952,315	**953,846**	951,924
Cash flows (i)				
Cash flows from operating activities	**$ 181.5**	$ 201.7	**$ 617.8**	$ 521.8
Cash flows from operating activities before net change in working capital (ii)	**$ 207.4**	$ 176.6	**$ 688.7**	$ 590.5
Cash flows from (used in) investing activities	**$ 136.3**	$ (96.4)	**$ 51.4**	$ 432.0
Cash flows used in financing activities	**$ (141.0)**	$ (46.9)	**$ (175.9)**	$ (892.5)
Net free cash flow (ii)	**$ 118.9**	$ 123.2	**$ 455.7**	$ 321.5

(i) For further information on the Company's liquidity and cash flow position, refer to *Section 8: Financial Condition and Liquidity*.
(ii) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures*.

Balance Sheet and Liquidity

As at December 31, 2020, the Company had cash and cash equivalents of $651.2 million and available credit of $750.0 million, for total available liquidity of $1,401.2 million. Cash balances include cash acquired on the integration of the Agua Rica project with the Minera Alumbrera plant and infrastructure in the fourth quarter of 2020, with a December 31, 2020 balance of $223.1 million.

As at, (In millions of US Dollars)	**December 31, 2020**	December 31, 2019
Total assets	**$ 8,422.9**	$ 7,117.2
Total long-term liabilities	**$ 2,808.6**	$ 2,489.0
Total equity	**$ 5,172.2**	$ 4,219.9
Working capital (i)	**$ 476.2**	$ (6.7)
Cash and cash equivalents	**$ 651.2**	$ 158.8
Debt (current and long-term)	**$ 993.8**	$ 1,047.9
Net debt (ii)	**$ 565.7**	$ 889.1

(i) Working capital is defined as the excess of current assets over current liabilities, which includes assets and liabilities classified as held for sale when applicable.
(ii) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures*.

Capital Expenditures

For the three months ended December 31,	2020	2019	2020	2019	2020	2019	2020	2019
(In millions of US Dollars)	**Sustaining and other**		**Expansionary**		**Exploration**		**Total**	
Canadian Malartic (i)	**$ 18.6**	$ 13.5	**$ 5.1**	$ 9.8	**$ 7.0**	$ 0.1	**$ 30.7**	$ 23.4
Jacobina	**5.4**	8.2	**4.8**	6.9	**2.0**	2.7	**$ 12.2**	$ 17.8
Cerro Moro	**9.0**	11.9	**4.4**	2.6	**3.5**	3.8	**$ 16.9**	$ 18.3
El Peñón	**9.9**	7.6	**0.5**	0.3	**4.7**	2.8	**$ 15.1**	$ 10.7
Minera Florida	**4.4**	3.7	**9.1**	2.9	**1.8**	2.3	**$ 15.3**	$ 8.9
Other (ii)	**0.5**	1.7	**2.5**	2.8	**2.0**	2.2	**$ 5.0**	$ 6.7
Total	**$ 47.8**	$ 46.6	**$ 26.4**	$ 25.3	**$ 21.0**	$ 13.9	**$ 95.2**	$ 85.8

For the year ended December 31,	2020	2019	2020	2019	2020	2019	2020	2019
(In millions of US Dollars)	**Sustaining and other**		**Expansionary**		**Exploration**		**Total**	
Canadian Malartic (i)	**$ 52.5**	$ 45.1	**$ 12.2**	$ 36.5	**$ 10.1**	$ 1.0	**$ 74.8**	$ 82.6
Jacobina	**21.6**	24.5	**15.8**	30.7	**6.0**	6.5	**$ 43.4**	$ 61.7
Cerro Moro	**29.5**	23.5	**6.9**	3.7	**12.5**	16.2	**$ 48.9**	$ 43.4
El Peñón	**31.4**	30.8	**0.5**	0.8	**15.9**	18.1	**$ 47.8**	$ 49.7
Minera Florida	**12.6**	13.1	**19.9**	11.7	**7.0**	9.5	**$ 39.5**	$ 34.3
Other (ii)	**1.7**	29.7	**11.5**	21.2	**6.1**	9.1	**$ 19.3**	$ 60.0
	$ 149.3	$ 166.7	**$ 66.8**	$ 104.6	**$ 57.6**	$ 60.4	**$ 273.7**	$ 331.7

(i) Canadian Malartic's Barnat pit had pre-commercial production ounce revenues and costs of sales capitalized to mineral properties against expansionary capital expenditures for the 2020 and 2019 periods.
(ii) Included in Other for the comparative period are capital expenditures relating to Chapada, which was disclosed separately in the comparative period.

The margin generated from Barnat's pre-commercial production was treated as a reduction to expansionary capital. This significant cash flow benefit resulted in the reduction of expansionary capital for the year by a further $14 million compared with plan.

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. Yamana has a strong 10-year base case outlook with a sustainable production platform of 1 million GEO per year through 2030. Production will be underpinned by continued operational success at the Company's existing operations, which have consistently replaced mineral reserves above depletion. For further details please refer to the 10-Year Outlook section.

The Company is listed on the Toronto Stock Exchange (trading symbol "YRI"), the New York Stock Exchange (trading symbol "AUY"), and the London Stock Exchange (trading symbol "AUY").

The Company's principal mining properties comprise the Jacobina mine in Brazil, the Canadian Malartic mine (50% interest) in Canada, the El Peñón and Minera Florida mines in Chile and the Cerro Moro mine in Argentina. On January 21, 2021 the Company completed the acquisition of the Wasamac property, a high-quality project with a significant mineral reserve and mineral resource base and excellent potential for further expansion, adding to Yamana's pipeline of organic opportunities, significantly enhancing the Company's future growth prospects. Following the finalization of the integration agreement in the fourth quarter of 2020, the Company also owns a 56.25% interest in the MARA Project, a large-scale copper, gold, silver and molybdenum project located in the province of Catamarca, Argentina. For full details on the MARA Project integration agreement, please refer to *Section 5: Construction, Development and Other Initiatives.*

Over the years, the Company has grown and generated value through strategic acquisitions and portfolio optimizations, and by pursuing organic growth to increase cash flows and unlock value at existing mines and development 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 Community Relations and Development or ESG. Underpinning this performance is our "One Team, One Goal: Zero" vision, which reflects the Company's commitment to zero harm to employees, the environment and host communities near its operations.

- Increasing mine life at the Company's existing operating mines through exploration targeted on the most prospective properties. The Company does not rely exclusively on proven and probable mineral reserves at any point to determine mine life as that would undervalue and misrepresent the potential of its operations. Similarly, the Company does not rely solely on a reserve life index to the exclusion of other measures to determine mine life, as the Company believes there are other factors that determine mine life. Where possible, the Company endeavours to increase mineral reserves early on, although the Company recognizes that often it is more cost effective and technically efficient to progressively extend mine life as, and when, mine development is advancing. This is particularly true for underground mines and prospects. The Company believes that to rely exclusively at any given point on proven and probable mineral reserves does not give sufficient allowance for discovery of new mineral resources, history of conversion of mineral resources to mineral reserves and exploration potential. This is particularly true for El Peñón and Minera Florida for which the Company gives considerable allowance for mine life that is well in excess of mineral reserves, given the aforementioned factors of new discovery of mineral resources, historical conversion of mineral resources to mineral reserves and significant exploration potential. This will likely be true for the underground at Canadian Malartic, which today carries substantial mineral resources and not mineral reserves. Additionally, the underground at Canadian Malartic has significant potential to extend its mine life considerably.

- Maximizing the overall value of the Company as an enterprise, cash flows and free cash flows, and cash returns on invested capital, first on producing and then non-producing assets:
    - Within the producing portfolio, attention remains focused on per share measures related to the growth and quality of mineral reserves and mineral resources for mine life extensions and scope for throughput increases, metal grade and recovery improvements, and cost reductions that are expected to improve margins and cash flows.

- Maximizing cash returns 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 increase from free cash flow, and successful and continuing initiatives to monetize its portfolio of non-producing assets and financial instruments;
    - The Company modified its dividend policy such that it will no longer provide a range for its dividend on a per GEO basis, with future dividend increases above the new floor of $100 per GEO based entirely on the cash flow and cash generation capacity of the Company. As its cash flows and cash balances increase, its dividend will rise correspondingly as a percentage of cash flows and commensurate with increasing cash balances from cash flows and sources that supplement cash flows;
    - Consistent with its dividend policy and sustainability objectives, the Company has sufficient cash reserves on hand to support payment of the dividend at the increased level for three years. The cash reserve fund provides the Company with the flexibility to pay the dividend at the new floor for an extended period even in a bottom of cycle gold price environment;
    - The Company will continue to engage regularly with investors to ensure it is maintaining an optimal balance between the amount payable and dividend sustainability;
    - Following the Company's initial capital spending and development phase from 2003 to 2006, the Company has consistently paid dividends since 2007. As of the date of this MD&A, dividends have aggregated to nearly $1 billion paid over 13 years.

- Consistently optimize the Company's financial position to create financial flexibility, allowing the Company to execute on its business plan and increase shareholder value. The Company successfully improved its financial flexibility with the repayment of:
    - 2020: $56.0 million in senior notes issued in March 2012;
    - 2019: $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
    - 2019: $385.0 million of indebtedness under the revolving credit facility.

- Advancing the Company’s generative exploration program for the next generation of Yamana Mines:
    - Advance the Company’s most advanced exploration projects;
    - Pursue exploration and drilling programs at highly-prospective, early stage projects in the Company’s existing portfolio.
    - Expand the Company’s exploration portfolio through evaluations and targeted land acquisition

- For strategic assets in the portfolio, the focus is to assess the best path for creation of value for shareholders, including advancing the projects through exploration, technical/financial reviews, studies and optimizations, permitting and community engagement, and/or considering strategic alternatives to realize returns from the these strategic assets. This may include developing the assets through a joint venture or other strategic arrangements, or through monetization, such as the recently accomplished successful sale of the royalty portfolio and subsequent partial sale of Nomad shares, the sale of Equinox shares, and the JV for its Suyai Project in Argentina.

- Advancement of the MARA Project, and along with our partners, determining the merits of the advancement of the Suyai Project. Please refer to *Section 5: Construction, Development and Other Initiatives f*or further details on the status and advancement plans for these assets.

Investment and Exploration Strategy

A further primary objective of the Company, although one with an intermediate to longer-term time horizon, is the advancement of its generative exploration program. The Company has an extensive exploration portfolio with well-defined exploration prospects and organic growth opportunities in all jurisdictions, with more advanced opportunities in Canada and Brazil. The objective of the generative exploration program is to advance at least one project to achieve mineral reserve and mineral resource inventories of at least 1.5 million ounces which the Company considers large enough to support a mine plan with annual gold production of approximately 150,000 ounces for at least eight years.

The Company is continuously reviewing its capital allocation strategy, and exploring options for funding such projects that do not draw on free cash flows. Funding strategies include, but are not limited to, proceeds from the monetization of non-cash producing assets or non-core assets that do not meet the Company's precious metal and scale requirements and, where applicable, flow-through funding arrangements. Funds are allocated to develop promising internal opportunities for organic growth through exploration and provide long term growth.

To assess these opportunities, the Company relies on an experienced local exploration team that operates in its established jurisdictions and other favourable districts in North and South America.

Every project in the generative exploration program has had some drilling, with some projects more advanced than others. At Lavra Velha in Brazil and Monument Bay in Canada, the Company has identified mineral resources in various categories. In the case of Monument Bay, the Company is further advancing the project with internal technical and economic assessments considering the project as an underground mine rather than an open pit mine. While resources would be reduced from current levels, this would be an economically attractive alternative with lower required capital investment (due to the higher investment required to develop a large tonnage, low grade, open pit mine), a reduced environmental footprint and significant exploration potential for increases in mineral resources down plunge and in satellite surface areas. A new high- grade geological model is being evaluated while several well-defined high-grade zones along a 4 kilometre strike length of the deposit have been identified. An expansion drill program on these targets is planned to begin this year and extend into next year. For more details, please refer to *Section 7: Exploration.*

The Company will also, from time to time, make investments in prospective advancing exploration and more advanced prospects where it can provide value-added guidance either from the Company's exploration or technical services groups.

As a complement to the advancement of the internal exploration opportunities, the Company will consider the acquisition of earlier stage development assets or companies that align with Yamana's objectives for capital allocation and financial results, jurisdiction, geology and operational expertise. Such opportunities should be funded through internal resources, meet minimum return levels that well exceed cost of capital and would meet the Company's minimum requirements to achieve mineral reserve and mineral resource inventories, mine life and per year production rate. Furthermore, preference would be given to geological and operational characteristics where the Company has an identified expertise and excellent opportunities for value enhancement. Such opportunities would also extend an existing regional presence or lead to that longer-term objective. Although the Company has an established portfolio of early-to-later-stage organic growth projects, the Company also considers it prudent to consider opportunities to extend regional presences in quality jurisdictions that offer geological and operational synergies and similarities to its current portfolio of assets.

10-Year Outlook

Robust exploration results are expected to drive incremental production growth at Minera Florida, which has a low-cost opportunity to increase capacity at its existing processing plant. The long-term strategy at Minera Florida is to increase monthly throughput from 74,500 tonnes per month ("tpm") to 100,000 tpm with a corresponding production increase of up to 120,000 ounces of gold per year at AISC below $1,000 per ounce.

At El Peñón, which recently completed its twenty-first year of production, the Company has a high degree of confidence that it will continue to replace mineral reserves through new discoveries and infill drilling on several major veins, thereby maintaining mine life visibility for at least another 10 years. The operation is targeting annual production of 260,000 GEO at AISC below $900 per GEO, with the production increase to be supported by the mine’s existing processing capacity of up to 4,200 tpd and no additional capital spending required. The mine's outlook is fully supported by mineral reserves and mineral resources. Mineral resources are comprised of multiple veins at different grades. The Company plans to draw into inventory higher conviction mineral resources from veins which are at mineral reserve grade and close to the existing mine. The Company notes an increase in mineral reserve grade from 2019, highlighting that new ounces being converted to mineral reserves are higher than average mineral reserve grade. Moreover, the Company continues to make new discoveries of mineral inferred ounces that are also at better grades, as noted by an increase in mineral resource grade.

The base case assumes continuing exploration success at Cerro Moro, which will support a mine life extension and heap leaching operation. The Company is investing in exploration drilling on its large mine property and surrounding area, which together exceed 300,000 hectares, with efforts currently focusing on both the core mine area and new mineralized zones close to existing mineral reserves. Significant mineralization has been identified at below current mineral reserve cut-off grades that could potentially be mined economically using lower-cost heap leach processing that would occur in parallel with the existing processing plant.

The base case also includes the Canadian Malartic underground project, which represents the next evolution for Canada’s largest gold mine. First production is expected in 2023 from the Odyssey South zone with the Upper East Gouldie zone expected to come online in 2027. The most recent underground mineral resource for the project, which was published in February 2020, showed more than 10 million ounces of gold (100% basis), including 9,596,000 ounces of inferred mineral resources (100% basis) and 830,000 ounces of indicated mineral resources (100% basis). In the interim, exploration results have been exceptional, improving economics and increasing confidence that the underground project will be a multi-hundred thousand ounce annual producer for decades. Following positive preliminary economic assessment results, obtained in early February of 2021, the Company and its partner made a construction decision of the Odyssey project at Canadian Malartic, with first production from the Odyssey South deposit expected in 2023.

The base case scenario also includes the Jacobina Phase 2 expansion, which will increase throughput to 8,500 tpd and raise annual production to 230,000 ounces, a 28% increase from current levels. In addition, the Company plans to implement a Phase 3 expansion at Jacobina which, for a modest cost, would increase throughput to 10,000 tpd without the need for additional grinding capacity and raise annual production to 270,000 ounces by approximately 2027.

The Company is well-positioned to fund all exploration, expansions, projects and opportunities identified in its guidance and decade-long outlook using available cash and cash flow from operations. Based on current forecasts, annual expansionary capital expenditures are expected to be in the range of $100 million and $125 million, on average, over the next four years, the result of which is that the Company will be well-positioned to manage all its capital allocation priorities, objectives and plans, including payment and increases in dividends. The Company forecasts that it should be able to sustain its dividend at the current rate even if the price of gold were to decline to significantly lower levels, and should be able to support and increase its dividend at the current price of gold as its cash balances increase. The Company notes that in addition to its cash balances and cash flows, it also has interests in securities, instruments and assets that can and, over time, will likely be monetized, which will further increase cash balances for redeployment to the Company's capital allocation priorities, objectives and plans.

Upside Case

The Company's upside case is for annual production to trend above 1 million GEO by mid-decade, reaching 1.2 million GEO by approximately 2028. The upside case is underpinned primarily by the newly acquired Wasamac project—a future underground mine located in Quebec's Abitibi region just 100 kilometres away from Canadian Malartic. The project, which is expected to enter production in 2025, currently has a mineral reserve base of 1.8 million ounces of gold. Based on the 2018 Feasibility Study conducted by Wasamac's previous owner, Monarch Gold, production is projected at 160,000 ounces of gold per year. Costs are expected to be at the lower end of the Company's profile, providing an improvement to consolidated costs. Yamana believes there is considerable upside for future exploration success and mineral resource conversion, with the deposit remaining open at depth and along strike. The Company will target increasing the mineral inventory and perform optimizations to enhance the project's value, advance engineering, and de-risk execution, leveraging the Company's technical expertise and adhering to its disciplined capital approach.

Additional Long-Term Upside

The Company has a number of compelling development and exploration stage projects in its pipeline with the potential to drive significant long-term production upside towards the end of the current decade and beyond. These include the MARA Project, one of the largest copper-gold projects in the world; the Suyai Project, a large gold project in Chubut Province, Argentina, that is projected to reach production of up to 250,000 ounces annually in its first eight years; and a number of advanced exploration projects in the Company's generative exploration program, including Lavra Velha, Monument Bay, Jacobina Norte, and Borborema. Assuming just two of these projects, MARA Project and Suyai, are constructed within the next 10 years, annual production would almost double.

2021 - 2023 Production Guidance

The following table presents the Company's total gold, silver and gold equivalent ounces ("GEO") production expectations in 2021, 2022 and 2023. Actual production for the year-ended December 31, 2020 includes comparative operations, which comprise those mines in the Company's portfolio as of December 31, 2020. 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 production profile for 2021 to 2023 shows sequential growth in gold production. 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.

Production guidance for 2021 is slightly below the Company's guidance for 2021 from last year, entirely related to Cerro Moro. A more conservative production risk adjustment has been applied to Cerro Moro during 2021 to reflect the continued impact of Covid-19 related restrictions, as experienced in December. Costs for the mine have also been commensurately risk-adjusted.

The Company expects to continue its established trend of delivering stronger production in the second half of the year, with approximately 53% of production slated for the second half, along with quarterly sequential increases in production.

The Company looks at production within a normal range of +/- 3%, and the guidance values reflect both the mid-point and the range for the 2021-2023 period. With improved mine plans, the Company is also providing its maiden three-year guidance by mine as follows:

(000's ounces)	2020 Actual	**2021 Guidance**		**2022 Guidance**		**2023 Guidance**	
		Mid-Point	**Range**	**Mid-Point**	**Range**	**Mid-Point**	**Range**
Total gold production (i)(ii)	780	**862**	**836 - 888**	**870**	**844 - 896**	**889**	**862 - 916**
Total silver production	10,366	**10,000**	**9,700 - 10,300**	**9,400**	**9,118 - 9,682**	**8,000**	**7,760 - 8,240**
Total GEO production (i)(ii)	901	**1,000**	**970 - 1,030**	**1,000**	**970 - 1,030**	**1,000**	**970 - 1,030**

(i) Included in full year 2020 production figures are 18,929 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 88.86 for 2020, and a ratio of 72.00 for 2021, 2022 and 2023.

The following table presents mine-by-mine production results for Yamana Mines for 2020 and updates guidance provided on January 25, 2021, as the Company is now providing mine-by-mine guidance for the next three years:

			Gold				
(000's ounces)	2020 Actual	**2021 Guidance**		**2022 Guidance**		**2023 Guidance**	
		Mid-Point	**Range**	**Mid-Point**	**Range**	**Mid-Point**	**Range**
Canadian Malartic (50%) (i)	284	**350**	**340 - 361**	**330**	**320 - 340**	**350**	**340 - 361**
Jacobina	178	**175**	**170 - 180**	**180**	**175 - 186**	**185**	**179 - 191**
Cerro Moro	67	**90**	**87 - 93**	**100**	**97 - 103**	**90**	**87 - 93**
El Peñón	161	**160**	**155 - 165**	**165**	**160 - 170**	**165**	**160 - 170**
Minera Florida	90	**87**	**84 - 90**	**95**	**92 - 98**	**99**	**96 - 102**
Total	**780**	**862**	**836 - 889**	**870**	**844 - 897**	**889**	**862 - 916**

			Silver				
(000's ounces)	2020 Actual	**2021 Guidance**		**2022 Guidance**		**2023 Guidance**	
		Mid-Point	**Range**	**Mid-Point**	**Range**	**Mid-Point**	**Range**
Cerro Moro	5,449	**5,500**	**5,335 - 5,665**	**5,000**	**4,850 - 5,150**	**3,500**	**3,395 - 3,605**
El Peñón	4,917	**4,500**	**4,365 - 4,635**	**4,400**	**4,268 - 4,532**	**4,500**	**4,365 - 4,635**
Total	**10,366**	**10,000**	**9,700 - 10,300**	**9,400**	**9,118 - 9,682**	**8,000**	**7,760 - 8,240**

			GEO				
(000's ounces)	2020 Actual	**2021 Guidance**		**2022 Guidance**		**2023 Guidance**	
		Mid-Point	**Range**	**Mid-Point**	**Range**	**Mid-Point**	**Range**
Canadian Malartic (50%) (i)	284	**350**	**340 - 361**	**330**	**320 - 340**	**350**	**340 - 361**
Jacobina	178	**175**	**170 - 180**	**180**	**175 - 186**	**185**	**179 - 191**
Cerro Moro	132	**166**	**161 - 171**	**169**	**164 - 174**	**138**	**134 - 142**
El Peñón	217	**222**	**215 - 229**	**226**	**219 - 233**	**228**	**221 - 235**
Minera Florida	90	**87**	**84 - 90**	**95**	**92 - 98**	**99**	**96 - 102**
Total	**901**	**1,000**	**970 - 1,030**	**1,000**	**970 - 1,030**	**1,000**	**970 - 1,030**

Cost Outlook

The Company anticipates that it will continue to incur some costs in relation to COVID-19 in the near future. Current expectation of pandemic related costs is that those costs will continue to be incurred during the first half of the year and begin to decrease in the second half of the year with a rollout of vaccinations expected in most countries in which the Company operates. With increasing numbers of the population receiving the vaccine, we would expect to see increasing immunity and decreasing caseloads, allowing for gradual easing of our COVID related controls and associated costs toward the second half of 2021 as noted. Total costs are expected to not exceed approximately $20 million for the year. Similar to 2020, COVID-19 costs are disclosed as part of mine operating earnings as temporary suspension, standby and other incremental COVID-19 costs and are excluded from cash costs and AISC.

The expected decline in COVID-19 costs throughout the upcoming year also corresponds to the Company's customary lower second half of the year costs, associated with higher production levels.

The following table presents cost of sales, cash costs and AISC results in 2020 and guidance ranges for 2021.

	Total cost of sales per GEO sold		**Cash costs per GEO sold (ii)**		**AISC per GEO sold (ii) (iii)**	
(In US Dollars)	2020 Actual	**2021 Guidance**	2020 Actual	**2021 Guidance**	2020 Actual	**2021 Guidance**
Canadian Malartic (50%) (i)	$ 1,207	**$ 1,100-1,145**	$ 702	**$ 635-675**	$ 945	**$ 850-885**
Jacobina	$ 844	**$ 850-885**	$ 544	**$ 565-600**	$ 746	**$ 735-765**
Cerro Moro	$ 1,513	**$ 1,450-1,510**	$ 868	**$ 790-835**	$ 1,280	**$ 1,175-1,225**
El Peñón	$ 980	**$ 1,140-1,180**	$ 657	**$ 620-660**	$ 922	**$ 835-870**
Minera Florida	$ 1,366	**$ 1,170-1,220**	$ 862	**$ 740-785**	$ 1,152	**$ 1,065-1,105**
Total	$ 1,151	**$ 1,140-1,190**	$ 701	**$ 655-695**	$ 1,080	**$ 980-1,020**

(i) Included in full year 2020 production figures are 18,929 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 12: 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.

The following table presents expansionary capital, sustaining capital, and total exploration spend results for 2020 and expectations by mine for 2021:

	Expansionary capital		**Sustaining capital**		**Total exploration**	
(In millions of US Dollars)	2020 Actual	**2021 Guidance**	2020 Actual	**2021 Guidance**	2020 Actual	**2021 Guidance**
Canadian Malartic (50%) (i)	$ 12.2	**$ 63.0**	$ 52.5	**$ 73.0**	$ 10.1	**$ 15.0**
Jacobina	15.8	**29.0**	21.6	**19.0**	6.0	**12.0**
Cerro Moro	6.9	**1.0**	29.5	**40.0**	12.5	**18.0**
El Peñón	0.5	**1.0**	31.4	**31.0**	15.9	**18.0**
Minera Florida	19.9	**17.0**	12.6	**19.0**	7.0	**11.0**
MARA	8.0	**15.0**	—	**—**	—	**—**
Wasamac	—	**5.0**	—	**—**	—	**11.0**
Other capital	3.5	**1.0**	1.7	**1.0**	—	**—**
Generative exploration (expensed)	—	**—**	—	**—**	15.1	**18.0**
Other exploration and overhead	—	**—**	—	**—**	6.1	**7.0**
Total	$ 66.8	**$ 132.0**	$ 149.3	**$ 183.0**	**$ 72.7**	**$ 110.0**

(i) 2021 guided Expansionary Capital has been revised to reflect the positive construction decision on Odyssey at Canadian Malartic.

Approximately 70% of the Company's expected exploration spend is capital in nature.

Capital expenditure values for 2021 do not include the cost to add to long-term ore stockpile balances at Canadian Malartic. These costs are estimated at $15.0 million for 2021 compared to $5.9 million for 2020, both on a 50% basis.

The following table presents other expenditure results in 2020 and expectations for 2021:

(In millions of US Dollars)		2020 Actual		**2021 Guidance**
Total DDA	$	395.0	**$**	**470.0-500.0**
Cash based G&A	$	65.8	**$**	**72.0**
Cash income taxes paid (i)	$	99.3	**$**	**180.0-200.0**

(i) 2021 guidance is based on $1,800 gold price and $25.00 silver price as per guidance assumption table below .

Cash taxes paid consider payments made in relation to withholding tax and prior years, as in certain jurisdictions, final payments related to a fiscal year's taxes are settled in the next fiscal year.

Guidance Assumptions

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

		2020 Actual (i)		**2021 Guidance**
GEO Ratio		88.86		**72.00**
Gold	$	1,770	**$**	**1,800**
Silver	$	20.51	**$**	**25.00**
USD-CAD		1.34		**1.28**
USD-BRL		5.16		**5.25**
USD-CLP		792.17		**725.00**
USD-ARS		70.65		**108.00**

(i) Metal prices and exchange rates shown in the table above are the average metal prices and exchange rates for the year ended December 31, 2020.

MINE BY MINE NEAR-TERM OUTLOOK

Canadian Malartic (50%)

Canadian Malartic exceeded its revised 2020 guidance, producing 284,317 ounces of gold. Production last year was impacted by COVID-19 related restrictions on mining in Quebec and is forecast to increase in 2021 to 350,000 ounces, with AISC projected to decline to $850-$885 per ounce from $945 per ounce in 2020. Mining is transitioning from the Canadian Malartic pit to the Barnat pit, which is now in commercial production, and 70% of the total tonnes mined in 2021 are expected to come from Barnat. The Canadian Malartic pit will be depleted in the first half of 2023, and waste rock and tailings will be deposited into the pit beginning in 2023.

The operation continues to advance the underground project, which consists of the East Gouldie, Odyssey, and East Malartic zones, (collectively known as the Odyssey project). Key development milestones over the next three years include the development of a ramp into the Odyssey, East Malartic, and East Gouldie zones, which will allow for tighter definition drilling to further expand the mineral resource base, along with headframe construction and shaft sinking. First production from Odyssey is expected in 2023. These milestones are included in the production and cost outlooks provided above.

Jacobina

The Jacobina mine continues to be a standout performer, consistently exceeding expectations. Production in 2021 is forecast to be in a similar range to the all-time high recorded in 2020 at low AISC of $735-$765 per ounce. The operation exceeded the targeted throughput rate of 6,500 tpd for the Phase 1 expansion, and it continues to identify and implement additional processing plant optimizations to further increase throughput, improve recoveries, and reduce costs. Beyond further optimizations, the Feasibility Study for Jacobina's Phase 2 expansion plans to increase throughput to 8,500 tpd and raise annual production to 230,000 ounces remains on track for mid-2021.

In a separate initiative, Jacobina is evaluating the installation of a backfill plant that would allow up to 2,000 tpd of tailings to be deposited in underground voids. In addition to reducing the mine's environmental footprint, a backfill plant would extend the life of the mine's existing tailings storage facility and improve mining recovery, resulting in increased conversion of mineral resources to mineral reserves.

El Peñón

Overall GEO production in 2021 is forecast to be in line with production in 2020, but improvements to cost structure are expected to be realized in 2021, with cash costs expected to range between $620-$660 per GEO and AISC[1] forecast at between $835-$870 per GEO. The mine's current production rate—the result of the right-sizing of the operation initiated in late 2016—increased cash flow while ensuring the long-term sustainability of the mine. Exploration successes over the last two years has resulted in an increase in mineral reserves, unlocking opportunities to incrementally increase production by leveraging excess processing capacity at El Peñón. The operation can process approximately 4,200 tpd, which represents upside of 20-30% above currently budgeted levels, with no additional capital expenditures required.

Minera Florida

Minera Florida exceeded its full year production guidance. Gold production is forecast to be at a similar level in 2021. The strategy at Minera Florida is to extend mine life and unlock opportunities for increased annual gold production following an approach similar to the approach taken at Jacobina. This includes focusing on mineral reserve development and generating an inventory of prepared mining areas to increase operational flexibility. The short-term focus is to achieve consistent throughput of 74,500 tpm from the underground mine while continuing improvements in the mine that will increase feed grade to align with mineral reserve grade and set the stage for further expansions.

Cerro Moro

Production and costs in 2020 at Cerro Moro were significantly impacted by COVID-19 related restrictions on travel and work rosters. The mine and processing plant are currently running at full capacity, though COVID-19 continues to present a risk of further disruptions, particularly during the first half of the year. Exploration drilling and underground capital development were also delayed by COVID-19 in 2020. Hence, Cerro Moro is planning higher production in 2021, but will ramp-up gradually throughout the year as it mines new underground levels. Exploration drilling continues in the core mine area at Cerro Moro with positive results and opportunities to convert mineral resources into mineral reserves and generate new high-grade discoveries. The operation is evaluating construction of a heap leach operation, a lower-cost processing alternative that would allow for the processing of lower-grade mineral reserves, potentially extending mine life. The evaluation is in the early stages with a preliminary study completed and metallurgical lab testing currently underway.

3. REVIEW OF FINANCIAL RESULTS

IMPAIRMENT AND REVERSAL OF IMPAIRMENT

In the fourth quarter of 2020, in accordance with policy, operating mine sites were reviewed for indicators of impairment or reversal. The Company observed an increase in the recoverable amount of our El Peñón mine in Chile that resulted in a reversal of the impairment losses recorded in 2015 and 2016, totalling $560.0 million. This reversal was partially offset by an impairment at Cerro Moro of $369.0 million. No indicators of impairment or impairment reversal were identified for the other operating mine sites, advanced stage projects, or exploration properties. For the year ended December 31, 2020, the Company ultimately recorded a net impairment reversal of $191.0 million.

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

El Peñón

The Company recorded impairments at the El Peñón mine in 2015 and 2016. The impairment in 2015 was a result of the Company downward adjusting its macroeconomic assumptions, which negatively impacted future estimated cash flows, and the Company's updated view on value beyond mineral reserves and mineral resources. During 2016, the Company determined that the sustainable, long-term optimal production level for the mine was a production expectation of 140,000 ounces of gold and 4,150,000 ounces of silver per annum, which negatively impacted future cash flows.

Following a standout year and solid fourth quarter from El Peñón, where sustained production and costs were in line with an improved LOM and budget, the mine demonstrated its ability to maintain its current production and cost profile. The Company considered the following factors to be an indicator of reversal of the previous impairment charge:

- Prolonged and sustained high production levels, which have led to significantly higher production than the envisioned mine plan from 2016 for both gold and silver. This was the result of both plant improvements to increase throughput, and higher grade ores being mined.
- A sustained reduction in costs benefiting from the higher production and continuous cost reduction initiatives carried out over the past year.
- Significant exploration successes throughout the year, which lead to increased mineral resources for December 31, 2020, which both extended the life of the mine and improved the life of mine models.

The Company concluded that the recoverable amount for the El Peñón Cash Generating Unit ("CGU"), representing the CGU's fair value less costs to dispose ("FVLCD"), exceeded the carrying amount. This resulted in a non-cash accounting reversal of the impairment charges previously recorded in 2015 and 2016 on mineral properties subject to depletion, which was limited to the carrying amount of the El Peñón CGU that would have been determined had no impairment charge been recognized in prior years, net of depletion, depreciation and amortization charges, totalling $560.0 million.

Cerro Moro

During 2020, the Cerro Moro mine experienced lower production at higher than expected unit costs, predominantly as a result of COVID-19. The following considerations were taken into account while developing the new LOM plan:

- Country-specific matters such as the announcement on December 30, 2020 of the change to the export tax in Argentina to 4.3%, and its indefinite extension.
- Expected lower annual production in comparison with prior year guidance and expectations, particularly for 2021.
- A higher cost structure than previously anticipated and consistent with current costs being observed in the operation, which have exceeded those in the Company's budget and guidance due to general cost pressures, inefficiencies and general operational challenges in relation to COVID-19.
- Delays in reaching previously targeted exploration results and mineral reserve and mineral resource additions. Despite promising recent results in core areas of the mine and newly discovered areas, the Company has been delayed in its goal of increasing mineral reserves and mineral resources in the operation.

Given the decrease in the overall Cerro Moro CGU profitability as identified in the latest LOM plan, the impact of the LOM plan on the value of exploration potential and land interest, and the impact of a reduction in reserves and resources, the Company concluded that these factors represent an indicator of impairment for Cerro Moro as of December 31, 2020. The Company concluded that the recoverable amount for the Cerro Moro CGU, representing the CGU's FVLCD, was below the carrying amount. In consideration of the above, a non-cash accounting impairment of $369.0 million was recognized.

FOR THE THREE MONTHS ENDED DECEMBER 31, 2020

Net Earnings

Net earnings for the three months ended December 31, 2020, were $103.0 million or $0.11 per share basic and diluted, compared to net earnings of $14.6 million or $0.02 per share basic and diluted for the three months ended December 31, 2019. Net earnings and earnings per share for the three months ended December 31, 2020 and 2019 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 three months ended December 31,* **2020**		2019
Non-cash unrealized foreign exchange losses	**$**	**21.9**	$	0.6
Share-based payments/mark-to-market of deferred share units		**3.4**		3.2
Mark-to-market (gains) losses on derivative contracts, investments and other assets and liabilities		**(5.8)**		(0.9)
Gain on sale of subsidiaries, investments and other assets		**(3.0)**		—
Temporary suspension and standby costs		**2.2**		—
Other incremental COVID-19 costs		**7.0**		—
Net pre-tax impairment reversal of mining properties		**(191.0)**		—
Other provisions, write-downs and adjustments (i)		**6.7**		7.5
Non-cash tax on unrealized foreign exchange gains		**1.8**		(3.9)
Income tax effect of adjustments		**(2.4)**		(0.2)
One-time tax adjustments		**163.9**		5.8
Total adjustments - increase (decrease) to earnings	**$**	**4.7**	$	12.1
Total adjustments - increase (decrease) to earnings per share	**$**	**—**	$	0.01

(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, 2020, revenue was $461.8 million compared to $383.8 million in the same period in 2019. The 20% increase was primarily attributable to higher realized prices for gold and silver in the current period. Further, revenues and inventory levels were impacted by production exceeding sales in the fourth quarter, due to the timing of scheduled pickups at mine. The higher inventory levels resulted in a working capital build-up as at December 31, 2020, which is expected to normalize in 2021, predominantly in the first quarter.

For a cautionary note on non-GAAP performance measures and a reconciliation to average realized prices, refer to *Section 12: Non-GAAP Performance Measures*.

Cost of Sales Excluding DDA

Cost of sales excluding DDA was consistent with the same quarter in prior year due to similar GEO production levels, decreasing by $2.6 million or 2%, with insignificant changes across all mine operations.

Depletion, Depreciation and Amortization (DDA)

Total DDA expense decreased $6.5 million or 5% for the three months ended December 31, 2020 when compared to the same period in 2019, primarily due to lower sales volumes as discussed above, as well as lower DDA at El Peñón resulting from reduced rates of depletion in the current period due to additions to mineral reserves and resources announced at December 31, 2019.

General and Administrative

General and administrative ("G&A") expenses include expenses related to management of the business that are not part of direct mine operating costs. In the three months ended December 31, 2020, G&A expenses were $4.1 million or 21% higher than in the same period in 2019, predominantly due to stock-based compensation expense being comparatively higher by $3.2 million. The increase is related to stock based-compensation granted in previous years, and in particular related to performance share units. Due to the significant increase in the Company share price during 2020, as well as its outperformance in relation to certain indexes, the expense the Company has had to record in relation to these historical units increased. The Company's cash G&A expenses were $18.6 million for the three months ended December 31, 2020.

Exploration and Evaluation

Exploration and evaluation expenses of $6.0 million for the three months ended December 31, 2020 were higher than in 2019 due to increased expenditures resulting from the generative exploration program. The program is focused on advancing projects in Yamana's portfolio, while continuing drilling activity at a number of the Company's highly prospective earlier stage projects. For more information please refer to *Section 7: Exploration*.

Share of Earnings/loss of Investments in Associates

The Company's investments in associates at December 31, 2020 comprised of investments in Nomad Royalty Company and Monarch Gold, with the Company's share of loss of associates in the three months ended December 31, 2020 was nil. For the same period in 2019, the Company recorded a share of loss of associate of $0.3 million, which represented Yamana's share of its then associate Leagold's loss for the period. On March 10, 2020, Leagold merged with Equinox and as a result of its reduced shareholding in the combined entity Yamana ceased to have significant influence in the investee, and therefore, discontinued equity accounting for the investment using the equity method from this date.

Other Operating Expenses/income

In the three months ended December 31, 2020, the Company recorded other operating expenses of $1.5 million compared to other operating expenses of $5.6 million for the same period in 2019. Operating expenses are comprised primarily of contributions to social and infrastructure development causes in jurisdictions where the Company is active, business development related costs, changes in provisions, and mark-to-market adjustments on financial assets and liabilities.

Finance Costs

Finance costs decreased $2.2 million or 10% in the three months ended December 31, 2020 compared to the same period in 2019. The Company repaid $56.0 million of senior notes in the first quarter of 2020, and as a result, interest expense associated with long term debt has decreased in 2020.

Other Income/costs

Other costs were $21.6 million in the three months ended December 31, 2020, compared to other costs of $3.5 million in the comparative period. Other income/costs 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 unrealized foreign exchange losses.

Income Tax Expense

The Company recorded an income tax expense of $189.5 million for the three months ended December 31, 2020, as a result of the reversal of impairment in relation to the comparative quarter's income tax expense of $27.3 million. The income tax provision further reflects a current income tax expense of $24.4 million and a deferred income tax expense of $165.1 million, compared to a current income tax expense of $24.0 million and a deferred income tax recovery of $3.4 million for the three months ended December 31, 2019.

Included in the income tax expense is the non-recognition of deferred tax assets of $52.9 relating to impairments for the three months ended December 31, 2020 compared to a recognition of deferred tax asset of $28.6 for the three months ended December 31, 2019. Withholding taxes of $1.6 million are included in income tax expense for the three months ended December 31, 2020 compared to withholding taxes of $1.8 million for the same period in 2019. The income tax expense also includes mining taxes of $8.3 million for the three months ended December 31, 2020, compared to mining taxes of $18.0 million in the three months ended December 31, 2019.

FOR THE YEAR ENDED DECEMBER 31, 2020

Net Earnings

Net earnings for the year ended December 31, 2020, were $203.7 million or $0.21 per share basic and diluted, compared to net earnings of $225.6 million or $0.24 per share basic and diluted for the year ended December 31, 2019.

Net earnings and earnings per share for the year ended December 31, 2020 and 2019 were affected by the following non-cash and other items that management believes are not be reflective of current and ongoing operations, and which may be used to adjust or reconcile input models in consensus estimates:

	For the year ended December 31,	
(In millions of US Dollars; except per share amounts)	**2020**	2019
Non-cash unrealized foreign exchange (gains) losses	**$ 21.6**	$ 29.0
Share-based payments/mark-to-market of deferred share units	**31.5**	15.0
Mark-to-market (gains) losses on derivative contracts, investments and other assets and liabilities	**(6.9)**	0.1
Gain on sale of subsidiaries, investments and other assets	**(1.4)**	(284.6)
Gain on discontinuation of the equity method of accounting	**(21.3)**	—
Temporary suspension and standby costs	**18.4**	—
Other incremental COVID-19 costs	**22.1**	—
Share of one-off provision recorded against deferred income tax assets of associate	**—**	13.0
Net pre-tax impairment reversal of mining properties	**(191.0)**	—
Financing costs paid on early note redemption	**—**	35.0
Other provisions, write-downs and adjustments (i)	**17.9**	42.0
Non-cash tax on unrealized foreign exchange losses	**52.8**	17.9
Income tax effect of adjustments	**(19.7)**	(0.5)
One-time tax adjustments	**183.6**	26.9
Total adjustments - increase (decrease) to earnings	**$ 107.6**	$ (106.1)
Total adjustments - increase (decrease) to earnings per share	**$ 0.11**	$ (0.11)

(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, 2020, revenue was $1,561.0 million compared to $1,612.2 million for the year ended December 31, 2019. The difference was primarily attributable to the absence of contributions from the Chapada mine (divested July 5, 2019), which contributed $226.8 million to revenue in the comparative year, as well as lower sales volumes from the Canadian Malartic and Cerro Moro mines, which were impacted by their respective temporary demobilization and suspension of operations as a result of the COVID-19 pandemic, and subsequent ramp up periods. The decreases in sales volumes were partially offset by higher realized prices for gold and silver in the current year, and by increases in sales volumes at the Jacobina, El Peñón and Minera Florida mines. Further, revenues and inventory levels were impacted by production exceeding sales in the fourth quarter, due to the timing of scheduled pickups at mine. The higher inventory levels resulted in a working capital build-up as at December 31, 2020, which is expected to normalize in 2021, predominantly in the first quarter.

For a cautionary note on non-GAAP performance measures and a reconciliation to average realized prices, refer to *Section 12: Non-GAAP Performance Measures.*

Cost of sales Excluding DDA

Cost of sales excluding DDA decreased $168.7 million or 22% for the year ended December 31, 2020 compared to the same period in 2019, primarily due to sales volumes as discussed above, and the absence of cost of sales excluding DDA from Chapada ($111.2 million in the comparative year). Cost of sales excluding DDA was also positively impacted by ongoing operational efficiencies at El Peñón, improving per unit costs, and the depreciation of certain local currencies against the US Dollar.

Depletion, Depreciation and Amortization (DDA)

Total DDA expense decreased $76.6 million or 16% for the year ended December 31, 2020 compared to the same period in 2019, primarily due to sales volumes as discussed above, as well as lower DDA at El Peñón and Jacobina resulting from reduced rates of depletion in the current period due to additions to mineral reserves and resources at these mines announced at December 31, 2019. The comparative year also included $11.9 million of DDA related to Chapada.

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, 2020, G&A expenses increased $6.5 million or 8% compared to the same period in 2019, predominantly due to stock-based compensation expense being comparatively higher by $9.1 million. The increase is related to stock based-compensation granted in previous years, and in particular related to performance share units. Due to the significant increase in the Company share price during 2020, as well as its outperformance in relation to certain indexes, the expense the Company has had to record in relation to these historical units increased. The Company's cash G&A expenses of $65.8 million for the year ended December 31, 2020 were in line with that guided.

Exploration and Evaluation

Exploration and evaluation expenses of $15.1 million for the year ended December 31, 2020 were higher than the same period in 2019 due to increased expenditures relating to the ongoing generative exploration program. The program is focused on advancing projects in Yamana's portfolio, while continuing drilling activity at a number of the Company's highly prospective earlier stage projects. For more information please refer to *Section 7: Exploration*.

Share of Earnings/loss of Associates

The Company's share of net loss related to its associates totalled $1.0 million for the year ended December 31, 2020, and was comprised of the Company's share of losses of Leagold prior to Yamana ceasing to have significant influence in Leagold in March 2020, partially offset by the Company's share of net earnings in Nomad Royalty Company and Monarch Gold, both of which were acquired in the latter half of the second quarter of 2020. In 2019, the Company recorded losses of $16.3 million, being the Company's share of Leagold's losses for the year, which included the Company recognizing its share of a $63.5 million provision recorded against Leagold's deferred income tax assets during the year.

Other Operating Expenses/income, Net

In the year ended December 31, 2020, the Company recorded other operating expenses of $14.6 million. In 2019, the Company recorded other operating income of $222.4 million, which was primarily comprised of the $273.1 million gain recognized upon the sale of Chapada, partially offset by various other operating expenses. Other operating expenses recorded in the current year include a $10.9 million mark to market loss on deferred share unit compensation due to the increase in the Company's share price, contributions to social and infrastructure development causes in jurisdictions where the Company is active, and various other individually insignificant operating expenses. These expenses were partially offset by a $21.3 million gain recognized upon the discontinuation of the equity method on the Company's investment in Leagold (now Equinox) in the first quarter of 2020. During the fourth quarter of 2020, 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 4.2 million DSUs.

Finance Costs

Finance costs decreased $67.2 million or 47% in the year ended December 31, 2020 compared to the same period in 2019, primarily attributable to the lower interest expense in the current year, following the repayment of $800.0 million of debt during the third quarter of 2019. The reduction in the carrying amount of debt has significantly reduced the carrying cost of interest on debt, freeing up cash for other uses and for the Company to further improve its net debt position. Further, finance costs in the prior year included a $35.0 million expense relating to the early redemption of certain of the Company's senior notes in connection with the above mentioned repayment of debt in the third quarter of 2019.

Other Costs/income, Net

Other costs were $18.7 million in the year ended December 31, 2020, compared to other costs of $19.6 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 prior year was primarily due to foreign exchange losses, partially offset by the realized gain on the sale of the Gold Price Instrument obtained as part of the consideration from the sale of Chapada.

Income Tax Expense

The Company recorded an income tax expense of $286.4 million for the year ended December 31, 2020, compared to an income tax expense of $84.7 million in 2019. The income tax provision reflects a current income tax expense of $116.2 million and a deferred income tax expense of $170.3 million compared to a current income tax expense of $95.0 million and a deferred income tax recovery of $10.3 million for the year ended December 31, 2019.

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 58.4% on the earnings before tax for the year ended December 31, 2020, compared to an effective tax rate of 27.3% 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, 2020 and 2019:

- Mining tax in the amount of $28.9 million for the year ended December 31, 2020 and $29.1 million for the year ended December 31, 2019 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 non-recognition of deferred tax assets in the amount of $53.4 million, mainly relating to impairments, for the year ended December 31, 2020 compared to the recognition of deferred tax assets of $20.6 million for the year ended December 31, 2019.
- Withholding taxes in the amount of $8.4 million are included in the income tax expense for the year ended December 31, 2020 compared to $6.7 million for the year ended December 31, 2019. Withholding taxes are paid on intercompany interest and dividends.
- Permanent differences of $63.2 million reduced the income tax expense for the year ended December 31, 2019, mainly relating to the sale of Chapada, compared to an increase in income tax expense of $28.1 million in December 31, 2020.

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 2020, 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. There is a proposal in Argentina to delay the decrease to 25% until 2022, however, this change will not have a material impact on the current or deferred tax expense if it is passed. The Company does not anticipate the statutory tax rates to change in the other jurisdictions 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:

As at December 31, (In millions of US Dollars)	**2020**	2019
Canadian Malartic	**296.6**	318.5
Jacobina	**188.7**	169.1
El Peñón	**234.6**	51.8
Agua Rica	**266.0**	266.6
Exploration potential	**171.1**	245.9

QUARTERLY FINANCIAL SUMMARY

For the three months ended *(In millions of US Dollars, except per share amounts)*	**Dec. 31, 2020**	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019
Financial results								
Revenue	**$ 461.8**	$ 439.4	$ 303.4	$ 356.5	$ 383.8	$ 357.8	$ 463.5	$ 407.1
Net earnings (loss)	**$ 103.0**	$ 55.6	$ —	$ 45.0	$ 14.6	$ 201.3	$ 14.1	$ (4.1)
Per share - basic and diluted	**$ 0.11**	$ 0.06	$ —	$ 0.05	$ 0.02	$ 0.21	$ 0.01	$ —

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 ("Agnico"), each own 50% of Canadian Malartic General Partnership (the "Partnership").

	For the three months ended December 31,		*For the year ended December 31,*	
Key Performance Information	**2020**	2019	**2020**	2019
Operating				
Ore mined (tonnes)	**3,285,723**	3,589,493	**12,012,693**	14,642,808
Waste mined (tonnes)	**2,718,493**	3,274,236	**10,649,407**	13,780,384
Ore processed (tonnes)	**2,868,329**	2,720,660	**10,399,882**	10,524,531
GEO (i)				
Production (ounces) (ii)	**86,371**	85,042	**284,317**	334,596
Sales (ounces) (ii)	**84,348**	84,673	**264,198**	330,851
Feed grade (g/t)	**1.06**	1.09	**0.97**	1.12
Recovery rate (%)	**88.0**	89.1	**87.4**	88.7
Total cost of sales per GEO sold	**$ 1,126**	$ 1,039	**$ 1,207**	$ 1,011
Cash costs per GEO sold (iii)	**$ 634**	$ 627	**$ 702**	$ 601
AISC per GEO sold (iii)	**$ 898**	$ 828	**$ 945**	$ 782
DDA per GEO sold	**$ 493**	$ 412	**$ 505**	$ 409
Financial *(millions of US Dollars)*				
Revenue	**$ 158.4**	$ 125.9	**$ 471.0**	$ 460.5
Cost of sales excluding DDA	**(53.4)**	(53.1)	**(185.4)**	(198.9)
Gross margin excluding DDA	**$ 105.0**	$ 72.8	**$ 285.6**	$ 261.6
DDA	**(41.5)**	(34.9)	**(133.4)**	(135.4)
Temporary suspension, standby and other incremental COVID-19 costs	**(0.8)**	—	**(4.5)**	—
Mine operating earnings	**$ 62.7**	$ 37.9	**$ 147.7**	$ 126.2
Capital expenditures *(millions of US Dollars)*				
Sustaining and other	**$ 18.6**	$ 13.5	**$ 52.5**	$ 45.1
Expansionary (ii)	**$ 5.1**	$ 9.8	**$ 12.2**	$ 36.5
Exploration	**$ 7.0**	$ 0.1	**$ 10.1**	$ 1.0

(i) GEO information relates to gold.
(ii) Included in the gold production figure for the year ended December 31, 2020 is 18,929 of pre-commercial production ounces (3,137 pre-commercial production ounces are included in the three months and year ended December 31, 2019), related to the Company's 50% interest in the Canadian Malartic mine's Barnat pit which achieved commercial production on September 30, 2020. 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 costs of sales capitalized to mineral properties, captured as expansionary capital expenditures.
(iii) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures.*

Canadian Malartic's production for the fourth quarter exceeded the comparative period in 2019 due to higher mill throughput, and the mine's performance for the year was exceptional, with production exceeding its revised plan. The successful ramp-up of the Barnat pit during the year resulted in Barnat declaring commercial production on September 30, 2020, and consequently Barnat pit revenues and costs of production ceased to be capitalized effective October 1, 2020. In addition, DDA associated with the

Barnat pit's capitalized costs started being depleted October 1, 2020. Canadian Malartic continued to remove overburden at Barnat during the fourth quarter with overburden removal expected to be complete by the end of first quarter, and topographic drilling and blasting expected to be completed by the third quarter of 2021, according to plan.

Unitary costs were lower in the comparative quarter and year-to-date period, a result of the fixed production costs being distributed over more ounces in the prior year. Current year grades were lower due to sequencing from COVID-19 impacts. Further, the timing and increase in sustaining capital, as planned, in the current versus comparative periods impacted costs for the period. Unitary and absolute DDA observed in the fourth quarter was primarily driven by the declaration of commercial production on Barnat, upon which depletion of the deposit commenced.

The Canadian Malartic mine entered care and maintenance on March 24, 2020, in response to government restrictions related to COVID-19 that required mining companies to minimize operational activities. During this period, Canadian Malartic developed a robust plan of preventative measures against COVID-19 to ensure the health and safety of its employees, families, and communities. On April 14, 2020, following the Government of Quebec's decision to authorize the resumption of mining activities, the Partnership announced that the Canadian Malartic would resume operations starting on April 15, 2020. The remobilization occurred with full attention to the health and safety of returning employees, contractors, and suppliers. These precautionary measures complied with the recommendations of the Quebec Department of Public Health and the province's Committee on Standards, Equity, and Occupational Safety (CNESST) and include enhanced screening of all individuals entering the mine, including temperature checks; mandatory social distancing; enhanced sanitization and disinfecting; and preparedness planning in the event of a suspected or confirmed case of COVID-19. The ramp-up progressed faster than expected. Further, in an effort to improve procedures, protect workers and respond quickly to specific situations, Canadian Malartic installed a COVID-19 screening test laboratory directly at the site where nursing staff collect samples and anyone entering the site may be required to take a screening PCR test.

During the fourth quarter, the Company continued to advance studies related to the underground project at Canadian Malartic, which consists of the East Gouldie, Odyssey, and East Malartic zones (collectively known as the Odyssey project).

Following impressive technical study results obtained in early February of 2021, the Company and its partner made a positive construction decision of the Odyssey project at Canadian Malartic, with first production from the Odyssey South deposit expected in 2023. The technical study outlined robust economics, a significant increase in mineral resources, and a mine life extension to at least 2039. Whereas the Company had originally considered a production platform conservatively in the range of 450,000 ounces per year, the mine now supports an expected increased annual gold production of 500,000 to 600,000 ounces on a 100% basis. Further extension of the mine life beyond 2039 provides additional upside, with several opportunities under evaluation. A NI 43-101 technical report for the Canadian Malartic operation is expected to be filed in March 2021 and will include a summary of the Odyssey underground project.

On a 100% basis, initial expansionary capital of $1.14 billion is expected to be spent over a period of eight years, with capital requirements in any given year manageable and fully funded using the Company's cash on hand and free cash flow generation. Additionally, other growth capital expenditures and modest sustaining capital during the construction period total $191.4 million. Gold production during the 2021 to 2028 construction period is expected at 932,000 ounces (on a 100% basis) at cash costs of $800 per ounce. The net proceeds from the sale of these ounces would significantly reduce the external cash requirements for the construction of the project which, assuming the gold price used in the financial analysis for the project, would reduce the projected capital requirements in half. On a 100% basis, average annual payable production is expected to be approximately 545,400 ounces from 2029 to 2039 with total cash costs per ounce of approximately $630 per ounce. Sustaining capital from 2029 to 2039 is expected to average approximately $55.8 million per year.

Construction of surface infrastructure and the portal in preparation for development of the ramp started in August of 2020. The Company and its partner completed the construction of the mine office and surface facilities in the fourth quarter, to support the development, and further advanced the development of the exploration ramp into Odyssey and East Malartic. The exploration ramp is designed with the purpose of mining their respective upper zones and providing further exploration access to allow tighter drill spacing to further define the mineral resource base, along with headframe construction and shaft sinking. The new ramp will also provide the ability to carry out bulk sampling of 40,000 tonnes of mineralization. The budget for the ramp is C$15.25 million for 2021 on a 50% basis. Development of the exploration ramp is anticipated to take approximately two years to complete, with the first drilling platform will be established in the third quarter of 2021.

A 2.3 kilometre geotechnical hole in the shaft area has been completed, and detailed engineering has begun in relation to the shaft and headframe. The shaft is envisioned as a 6.4-metre diameter, 1.8 kilometre deep shaft with a hoisting capacity of approximately 20,000 tpd. As noted, the Company's current expectation is that production from Odyssey South will begin in 2023 from the ramp, while the Company sinks the shaft to East Gouldie, with a goal to start production from East Gouldie in 2027.

For full details on the construction decision, please refer to *Section 5: Construction, Development and Other Initiatives.*

The main focus of exploration during the fourth quarter was to provide support for an aggressive infill drill program at East Gouldie, where thirteen diamond drill rigs completed 27,000 metres, bringing the year total to 105,000 metres drilled. Of these, 97,000 metres were drilled on the East Gouldie target with the remainder on East Malartic and Odyssey.

JACOBINA, BRAZIL

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

	For the three months ended December 31,		*For the year ended December 31,*	
Key Performance Information	**2020**	2019	**2020**	2019
Operating				
Ore mined (tonnes)	**610,257**	600,048	**2,470,091**	2,298,631
Ore processed (tonnes)	**580,287**	567,329	**2,425,886**	2,254,793
GEO (i)				
Production	**44,165**	41,774	**177,830**	159,499
Sales	**42,789**	44,293	**175,561**	160,142
Feed grade (g/t)	**2.44**	2.38	**2.36**	2.28
Recovery rate (%)	**96.9**	96.4	**96.5**	96.7
Total cost of sales per GEO sold	**$ 907**	$ 799	**$ 844**	$ 947
Cash costs per GEO sold (ii)	**$ 590**	$ 529	**$ 544**	$ 593
AISC per GEO sold (ii)	**$ 807**	$ 827	**$ 746**	$ 845
DDA per GEO sold	**$ 317**	$ 270	**$ 300**	$ 354
Financial *(millions of US Dollars)*				
Revenue	**$ 80.7**	$ 65.6	**$ 312.1**	$ 224.0
Cost of sales excluding DDA	**(25.2)**	(23.4)	**(95.5)**	(94.9)
Gross margin excluding DDA	**$ 55.5**	$ 42.2	**$ 216.6**	$ 129.1
DDA	**(13.6)**	(12.0)	**(52.6)**	(56.7)
Temporary suspension, standby and other incremental COVID-19 costs	**(0.5)**	—	**(2.0)**	—
Mine operating earnings	**$ 41.4**	$ 30.2	**$ 162.0**	$ 72.4
Capital expenditures *(millions of US Dollars)*				
Sustaining and other	**$ 5.4**	$ 8.2	**$ 21.6**	$ 24.5
Expansionary	**$ 4.8**	$ 6.9	**$ 15.8**	$ 30.7
Exploration	**$ 2.0**	$ 2.7	**$ 6.0**	$ 6.5

(i) GEO information relates to gold.
(ii) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures*.

Jacobina continues to be a standout performer, and once again exceeded its quarterly and annual production plan, as well as comparative period results. Recovery rates and grade for the fourth quarter both exceeded plan, and were higher than the comparative quarter, which resulted in the higher production. Mill throughput for the quarter was impacted by approximately 6%, due to a planned maintenance shutdown of one of the ball mills. The shutdown was also opportunely used to implement further Phase 1 optimization components, and to run tests confirming the design basis of the Phase 2 plant expansion of 8,500 tpd, while utilizing the availability from the main grinding line. Following the shutdown, the mill resumed processing at an average of 6,800 tpd, resulting from the commissioning of the initial Phase 1 expansion implemented earlier in the year. Given the success of Phase 1, the Company has begun to further optimize Phase 1 with the goal of optimizing gold recovery at 96% to 97% while maintaining the higher throughput rate. For further information on Phase 1, Phase 2 and a new conceptual study on Phase 3 developments at Jacobina please refer to *Section 5: Construction, Development and Other Initiatives.*

Unitary cash costs were better than plan in the fourth quarter of 2020. Planned higher sustaining capital expenditure and exploration spend associated with deferrals during the year to accommodate the impacts of COVID-19 in the fourth quarter occurred as expected. On a year-to-date basis, unitary costs were lower than plan, and significantly improved over the comparative period as a result of the increased production in association with higher throughput, and the positive impact as a result of the devaluation of the Brazilian Real compared to the US Dollar. Underground mine development work is in line with the mine plan at 1,500 metres per month, to sustain the current production rate of 6,800 tpd with sufficient operational flexibility.

Exploration activities at Jacobina continued as planned during the fourth quarter as COVID related protocols were adhered to in order to provide a safe and effective working environment. Field activities such as surface mapping and sampling were reduced to avoid increased travel, however drilling was carried out as planned, with four drills active during the quarter. Drilling activity during the quarter continued to be weighted toward exploration in response to better than anticipated infill drilling results in previous quarters.

A total of 5,663 metres of drilling were completed in the fourth quarter at Jacobina, including 898 metres of infill drilling to convert inferred mineral resources to indicated mineral resources, and 4,765 metres of exploratory drilling dedicated to defining new inferred mineral resources. The infill program focused on delineation of new indicated resources in higher-grade areas of the mine, with a total of 7,541 metres completed during 2020. Infill drilling during the fourth quarter included five holes completed at the Canavieiras Sul and Canavieiras Central connector zone following completion earlier this year of an exploration drift connecting these two sectors. Assays results are pending but core is visually positive.

Exploration drilling activity at Jacobina in the fourth quarter focused on definition of new inferred resources, was carried out at the extension of Canavieiras Sul along the connector between Canavieiras Sul and Canavieiras Central and at João Belo Sul, bringing total exploration drilling in 2020 at Jacobina to 12,644 metres. Exploration drilling carried out at Canavieiras Sul and Central connector during the quarter continued to return positive results from LVL, LU, MU and Maneira reefs in step-out drilling, confirming a new high-grade sector along a 300 metre north-south strike length close to existing mine infrastructure. Fourth quarter exploration drilling at João Belo Sul returned significant results from the LMPC reef, providing confirmation of historical results in this sector..

Generative work during the fourth quarter included 1,591 metres of drilling in three holes testing the João Belo Sul, Morro do Cuscuz and Morro do Vento Leste targets. Two drill holes totaling 957 metres were completed at the Barrocão Velho target in Jacobina Norte, with most assay results pending.

CERRO MORO, ARGENTINA

Cerro Moro is an underground and open pit gold-silver mining operation, located in the province of Santa Cruz, Argentina.

Key Performance Information	*For the three months ended December 31,* **2020**	2019	*For the year ended December 31,* **2020**	2019
Operating				
Ore mined (tonnes)	**69,189**	101,020	**277,040**	352,332
Waste mined (tonnes)	**817,001**	1,497,928	**3,655,450**	6,640,990
Ore processed (tonnes)	**97,096**	99,593	**320,701**	367,334
GEO				
Production	**42,943**	45,102	**132,415**	194,574
Sales	**44,101**	45,690	**133,358**	213,077
Total cost of sales per GEO sold	**$ 1,343**	$ 1,456	**$ 1,513**	$ 1,293
Cash costs per GEO sold (i)	**$ 768**	$ 811	**$ 868**	$ 725
AISC per GEO sold (i)	**$ 1,139**	$ 1,228	**$ 1,280**	$ 969
DDA per GEO sold	**$ 576**	$ 646	**$ 645**	$ 571
Gold				
Production (ounces)	**21,259**	26,568	**66,995**	120,802
Sales (ounces)	**22,194**	27,088	**68,542**	135,949
Feed grade (g/t)	**7.18**	8.79	**6.91**	10.81
Recovery rate (%)	**94.9**	94.4	**94.0**	94.5
Silver				
Production (ounces)	**1,663,708**	1,584,904	**5,448,561**	6,322,864
Sales (ounces)	**1,674,308**	1,588,986	**5,441,868**	6,660,934
Feed grade (g/t)	**575.94**	519.43	**565.06**	568.61
Recovery rate (%)	**92.5**	95.3	**93.5**	94.8
Financial *(millions of US Dollars)*				
Revenue	**$ 81.2**	$ 68.5	**$ 241.3**	$ 299.6
Cost of sales excluding DDA	**(33.8)**	(37.0)	**(115.8)**	(153.8)
Gross margin excluding DDA	**$ 47.4**	$ 31.5	**$ 125.5**	$ 145.8
DDA	**(25.4)**	(29.5)	**(86.1)**	(121.7)
Temporary suspension, standby and other incremental COVID-19 costs	**(4.7)**	—	**(19.2)**	—
Impairment	**(369.0)**	—	**(369.0)**	—
Mine operating (loss) earnings	**$ (351.7)**	$ 2.0	**$ (348.8)**	$ 24.1
Capital expenditures *(millions of US Dollars)*				
Sustaining and other	**$ 9.0**	$ 11.9	**$ 29.5**	$ 23.5
Expansionary	**$ 4.4**	$ 2.6	**$ 6.9**	$ 3.7
Exploration	**$ 3.5**	$ 3.8	**$ 12.5**	$ 16.2

(i) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures*.

Cerro Moro was significantly impacted by COVID-19 related inter-provincial travel restrictions, which impacted worker availability for those travelling both from within and out of province, following a temporary suspension of operations due to COVID-19 earlier in the year. Such restrictions persisted in the fourth quarter, and were particularly stringent in December, affecting mining sequence. Such mining sequence delays resulted in lower throughput and grade, leading to lower than planned production for the quarter and for the year. The mine and processing plant are currently running at full capacity, however, COVID-19 continues to present a risk of further disruptions, particularly during the first half of the year. Silver once again dominated the quarter for Cerro Moro, resulting from strong silver feed grades, partially offsetting the reduction in gold production. The transition to more mill feed coming from underground ore, at higher grades than the open pit ore, continued in the quarter and will continue in 2021, with most of the ore to plant coming from the Escondida Far West, Zoe, Escondida Central and Escondida West underground mines. The transition to the underground ore will increase mining flexibility, particularly in the second half of 2021, which is expected to account for higher gold production than the first half. Over the past year, Cerro Moro has optimized the operation of the processing plant to increase daily throughput to approximately 1,100 tpd. The 2020 average throughput rate was reduced as a result of plant stoppages due to COVID-19, but plant availability has now returned to normal levels.

Unitary costs of sales during the fourth quarter were better than the fourth quarter of 2019, as result of lower absolute costs. Unitary costs during the year were impacted by the workforce restrictions which reduced production and increased the fixed costs per GEO produced and sold.

Exploration during the fourth quarter at Cerro Moro continued to be impacted by COVID-19 restrictions, with exploration activities suspended on November 26th. Despite the challenges, exploration advanced prior to the stoppage during the quarter, with 16,594 metres of drilling completed in 90 drill holes, and significant field activities completed, including geological mapping and surface sampling, geophysical work and the submission of samples for metallurgical studies in the ongoing evaluation of potential heap leach targets. Slow assay turnaround times continued to impact the ability of exploration to respond to results, however an onsite sample preparation lab was constructed and this addition is helping expedite the assay process which will improve going forward. Drilling during the fourth quarter utilized four rigs split between infill and exploration, with 4,209 metres in 36 infill holes and 8,502 metres in 25 exploration holes completed. In addition, 3,883 metres of scout drilling in 29 holes tested regional targets in the fourth quarter.

Infill drilling to convert inferred mineral resources to indicated mineral resources was carried out at the Naty, Naty Splay and Martina targets, where encouraging exploration drilling results were achieved last quarter. Positive results were generated at shallow levels at the Naty target. Positive results were also received from Martina, with assays pending for drilling completed at Naty Splay.

Exploration drilling in the fourth quarter was mainly focused along the core mine Escondida-Zoe structural corridor, where several targets remain open for expansion. Exploration drilling was also completed at the Bella Vista and Michelle (Maud) targets. Positive results from Zoe confirm this deposit remains open at depth down plunge. Drilling at Escondida FW also returned positive intercepts, defining a new mineral structure (“EFW Splay”), highlighting a significant new target area. Additional drilling results are pending, with several visually positive intercepts noted.

Several regional targets were advanced during the fourth quarter through geological mapping, soil and rock sampling and completion of 1,625 metres of scout drilling, generating positive results at Naty Splay and Debora Link. Regional surface work continued to define the new Selene vein target, in the northern part of the claim area, with soil and rock sampling and detailed geological mapping. This new target has some promising surface samples and has been traced for over 11 kilometres on surface. Initial drill testing of the Selene vein was conducted during the fourth quarter with 2,258 metres completed in 26 drill holes. Results are pending for most drill holes.

The metallurgical program as part of an ongoing evaluation of near-surface, low-sulfide material potentially suitable for low cost open pit extraction and processing at Michele, Michele Ext, Carlita and Tres Lomas is progressing with positive bottle roll tests completed and column tests now being conducted at Bureau Vertias labs.

EL PEÑÓN, CHILE

El Peñón is a gold-silver 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	**2020**	2019	**2020**	2019
Operating				
Ore mined (tonnes)	**332,247**	315,143	**1,129,036**	1,010,081
Ore processed (tonnes)	**357,096**	349,086	**1,266,829**	1,290,239
GEO				
Production	**55,529**	64,289	**216,749**	209,857
Sales	**51,738**	63,552	**215,667**	211,231
Total cost of sales per GEO sold	**$ 1,023**	$ 1,062	**$ 980**	$ 1,209
Cash costs per GEO sold (i)	**$ 696**	$ 562	**$ 657**	$ 726
AISC per GEO sold (i)	**$ 1,025**	$ 775	**$ 922**	$ 1,003
DDA per GEO sold	**$ 327**	$ 500	**$ 323**	$ 483
Gold				
Production (ounces)	**43,512**	48,131	**160,824**	159,515
Sales (ounces)	**40,129**	47,843	**158,933**	160,484
Feed grade (g/t)	**4.07**	4.52	**4.22**	4.09
Recovery rate (%)	**93.7**	94.5	**93.7**	94.0
Silver				
Production (ounces)	**922,954**	1,382,963	**4,917,101**	4,317,292
Sales (ounces)	**888,858**	1,346,687	**4,940,217**	4,348,618
Feed grade (g/t)	**92.53**	143.20	**138.94**	120.65
Recovery rate (%)	**86.8**	85.9	**86.7**	86.2
Financial *(millions of US Dollars)*				
Revenue	**$ 96.5**	$ 94.1	**$ 381.1**	$ 297.0
Cost of sales excluding DDA	**(36.0)**	(35.7)	**(141.8)**	(153.4)
Gross margin excluding DDA	**$ 60.5**	$ 58.4	**$ 239.3**	$ 143.6
DDA	**(16.9)**	(31.8)	**(69.6)**	(102.0)
Temporary suspension, standby and other incremental COVID-19 costs	**(2.0)**	—	**(7.0)**	—
Reversal of impairment	**560.0**	—	**560.0**	
Mine operating earnings	**$ 601.6**	$ 26.6	**$ 722.7**	$ 41.6
Capital expenditures *(millions of US Dollars)*				
Sustaining and other	**$ 9.9**	$ 7.6	**$ 31.4**	$ 30.8
Expansionary	**$ 0.5**	$ 0.3	**$ 0.5**	$ 0.8
Exploration	**$ 4.7**	$ 2.8	**$ 15.9**	$ 18.1

(i) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures.*

El Peñón had a standout year, with gold production in line with plan and silver production exceeding plan due to mining sectors with a higher silver to gold grade ratio. Further, the mine exceeded the comparative period production for both gold and silver. El Peñón produced 43,512 of gold and 922,954 ounces of silver in the quarter. Silver grade and production were higher than plan due to processing ore from the Al Este sector in the underground mine, which is a high grade silver area. However this higher silver grade was temporary as a result of mining sequence and is expected to normalize in 2021. Gold feed grade for the fourth quarter was impacted by mine sequencing and the blending of ore with the low-grade stockpile.

At El Peñón, the higher grade La Paloma and Quebrada Colorada Sur zones will come into production in the second half of the year, contributing to higher planned production in the third and fourth quarters. Consequently, the Company expects that the second half of 2021 will account for 60% of gold and silver production at El Peñón, as considered in the 2021 budget and the guidance provided in *Section 2 Core Business, Strategy and Outlook.*

Fourth quarter unitary costs were better than the comparative period despite lower production, due to the benefit of cost savings initiatives during the period which kept absolute costs relatively stable despite higher tonnes being mined and processed. Further, the mine had lower DDA per ounce during the fourth quarter and year, resulting from reduced rates of depletion in the current period, following the additions to mineral reserves and resources as at December 31, 2019. With the ongoing focus to increase mine development rates, El Peñón has increased the number of available underground production zones which are expected to support the current level of mine production and feed grades going forward. Mine development is currently occurring at a rate that exceeds 3,000 metres per month, and unitary costs have been favourably impacted.

All 2020 year-to-date unitary costs were better than the comparative period as a result of higher production which reduced the allocation of fixed costs to each ounce of production, and the aforementioned benefit of cost savings initiatives which reduced unitary costs comparatively.

The El Peñón exploration program saw minimal setbacks due to COVID-19 during the fourth quarter and continued to operate normally. Approximately 38,063 metres of drilling were completed at El Peñón, including 95 drill holes totaling 26,954 metres of infill drilling to convert inferred mineral resources to indicated mineral resources, 18 drill holes totaling 7,466 metres of exploratory drilling dedicated to defining new inferred mineral resources, and 3,643 metres in 14 scout drill holes testing new regional targets.

Infill drilling during the fourth quarter was completed in 12 areas of the mine, with excellent results from six main sectors, including Colorada Sur, Pampa Campamento, El Valve, Martillo Flat, Dorada and Paloma. Success in the quarter has largely been driven by testing deeper levels of known main veins and continued success at Colorada Sur, extending the mineralization here a further 100 metres south along strike with infill drilling, with positive results also encountered at La Paloma.

Exploration drilling continued at El Peñón during the fourth quarter, testing 10 sectors. Positive results from El Valle indicate good potential along strike and down dip at this target, which remains open for further expansion. Additionally, positive results were returned from the Pampa Campamento and Sorpresa sectors.

District exploration continues to build on previous exploration targets with an additional 2,521 soil and rock samples collected and approximately 3,643 metres of scout drilling in 14 RC holes completed along the Dominador-Fortuna structure, at Pampa Providencia and Pampa Augusta Vitoria (PAV). Surface sampling continues to generate new gold and pathfinder soil and rock anomalies, providing good drill targets for follow-up in 2021.

As previously noted, the continuous positive exploration results, the increase in mineral reserves and mineral resources which extends the life of the mine, and other operational improvements in 2020, resulted in the Company reversing the impairments taken in 2015 and 2016.

MINERA FLORIDA, CHILE

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

Key Performance Information	*For the three months ended December 31,* **2020**	2019	*For the year ended December 31,* **2020**	2019
Operating				
Ore mined (tonnes)	**233,374**	187,559	**810,294**	715,288
Ore processed (tonnes)	**260,199**	204,138	**892,286**	745,671
GEO (i)				
Production	**26,352**	20,080	**89,843**	73,617
Sales	**23,979**	19,696	**87,735**	74,705
Feed grade (g/t)	**3.36**	3.34	**3.37**	3.32
Recovery rate (%)	**93.7**	91.6	**92.9**	91.9
Total cost of sales per GEO sold	**$ 1,279**	$ 1,450	**$ 1,366**	$ 1,423
Cash costs per GEO sold (ii)	**$ 760**	$ 1,005	**$ 862**	$ 945
AISC per GEO sold (ii)	**$ 1,087**	$ 1,411	**$ 1,152**	$ 1,346
DDA per GEO sold	**$ 519**	$ 445	**$ 503**	$ 478
Financial *(millions of US Dollars)*				
Revenue	**$ 44.9**	$ 29.2	**$ 155.5**	$ 103.8
Cost of sales excluding DDA	**(18.2)**	(19.8)	**(75.6)**	(70.6)
Gross margin excluding DDA	**$ 26.7**	$ 9.4	**$ 79.9**	$ 33.2
DDA	**(12.5)**	(8.8)	**(44.2)**	(35.7)
Temporary suspension, standby and other incremental COVID-19 costs	**(1.3)**	—	**(7.7)**	—
Mine operating earnings (loss)	**$ 12.9**	$ 0.6	**$ 28.0**	$ (2.5)
Capital expenditures *(millions of US Dollars)*				
Sustaining and other	**$ 4.4**	$ 3.7	**$ 12.6**	$ 13.1
Expansionary	**$ 9.1**	$ 2.9	**$ 19.9**	$ 11.7
Exploration	**$ 1.8**	$ 2.3	**$ 7.0**	$ 9.5

(i) GEO information relates to gold.
(ii) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures*.

Minera Florida had a standout fourth quarter, with production well above plan and 31% higher than the comparative prior year period. For the year ended 2020, the mine also exceeded plan. Positive results were primarily due to increased tonnes processed, largely as a result of continuing improvements in productivity with contributions from the Pataguas and Don Leopoldo mining zones. Annual production at Minera Florida was the highest since 2010, and the second highest since entering production in 1986, excluding gold production from the reclamation of historic tailings. Mine management has recently taken actions to improve mechanical availability, and the Company is now reactivating and optimizing formerly decommissioned ore passes, with two out of three now re-established. The final ore pass at Marisol is now scheduled for completion by the mid-2021, and is expected to further reduce haulage distance and increase operational flexibility as a result of additional haulage routes. Throughput is expected to stay at this increased level going forward as a result of the 1,200-1,300 meters of monthly development, which is the highest the mine has maintained in over 2 years. This increased development rate and better block model predictability has provided increased mine flexibility, is expected to favourably impact future production and unitary costs in 2021 as noted in Section 2: Production Guidance.

Unitary costs metrics were better than the comparative prior quarter and year, due to higher production which reduced the allocation of fixed costs to each ounce of production, and the implementation of cost control initiatives which have begun to positively impact absolute costs, as well as better recovery rates.

Recent improvements made to the processing plant have demonstrated improvements to the recovery rate. 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.

At Minera Florida, exploration activities continued at near normal levels in the fourth quarter as COVID-19 related restrictions were effectively managed. 15,779 metres of total drilling in 72 drill holes were completed, testing all planned targets for the year.

Approximately 5,554 metres of infill drilling in 33 drill holes was completed at seven targets, including Fantasma, Fantasma Este, Maqui, Polvorin, VCI-Circular, Don Leopoldo and Patagua Norte, dedicated to converting inferred mineral resources to measured and indicated mineral resources. High-grade new intercepts were encountered at the Patagua - Don Leopoldo intersection, from the Fantasma and Fantasma Este, Polvorin and Lazo Polvorin veins.

Exploration drilling in the fourth quarter dedicated to the discovery of new deposits or definition of new inferred mineral resources included approximately 4,901 metres, completed in 27 drill holes, testing the Fantasma, Fantasma Este, Maqui, Polvorin, VCI-Circular, Don Leopoldo, Don Leopoldo Sur and Patagua Norte – Queseria veins. High grade intercepts were returned from Don Leopoldo and Don Leopoldo Sur, developing new targets at depth and to the east of the known zone. At Fantasma Este, drilling successfully traced high-grade ore shoots to the north at depth, and returned further positive results from the Fantasma, Maqui Circular and Satelite VCS veins. Exploratory activity continues to be supported by important surface exploration work, generating new geological interpretations, which was reinitiated during the third quarter following a pause in field activities due to COVID related restrictions. Exploratory scout drilling completed during the fourth quarter totaled 5,324 metres in 12 drill holes, targeting the La Flor Oeste Block.

5. CONSTRUCTION, DEVELOPMENT AND OTHER INITIATIVES

CONSTRUCTION, DEVELOPMENT AND ADVANCED STAGE PROJECTS

The Company has several construction, development and advanced stage projects underway. Notable progress relating to some of these key initiatives include, but are not limited to the following:

Jacobina, Brazil

The Phase 1 optimization project was completed in June. The project has exceeded expectations, with a higher than planned steady state of approximately 6,800 tpd achieved in both the second and third quarters. The Company has identified opportunities to further optimize the results and recoveries achieved in Phase 1 with a modest investment. Consequently, works commenced in the third quarter for the expansion of the gravity concentration circuit, with commissioning scheduled and on-track for mid-2021 and with an objective to optimize gold recovery at the higher throughput rate.

In addition to the incremental optimization of Phase 1, the Company is advancing the Phase 2 expansion at Jacobina, for an increase in throughput to 8,500 tpd. The Company is currently in the engineering phase, with permitting underway. Included in the mine's expansionary budget in 2021 of $29.0 million, is approximately $18.0 million for the procurement of long-lead items and expansionary development to support the higher throughput to the mill. The throughput increase will be achieved through the installation of an additional grinding line and incremental upgrades to the crushing and gravity circuits. The Phase 2 expansion is expected to increase annual gold production to approximately 230,000 ounces per year, representing a 28% increase from current levels, reduce costs, and generate significantly more cash flow and attractive returns. The Company expects to provide an update regarding capex and development schedule in mid-2021 once studies are finalized to conclude permitting. The Company anticipates that the updated capital costs will not exceed the previously estimated and disclosed $57 million, and it has already begun to incur these costs for long-lead time items. The estimated capital costs of $57 million had been based on an assumed BRL:USD rate of 4.0. The BRL:USD foreign exchange rates are currently higher at over 5.0, and consequently, the Company anticipates that the weaker rates will provide capital cost and operating cost benefits.

Separately, Jacobina is studying the installation of a backfill plant to allow up to 2,000 tpd of tailings to be deposited in underground voids. A concept study was completed in the second quarter, with preliminary results indicating that the project would improve the way in which the Company manages the environment and environmental impact, extend the life of the existing tailings storage facility consequently decreasing future capital investment intensity, and improve mining recovery resulting in an increased conversion of mineral resources to mineral reserves. The placement of backfill in empty stopes would allow for greater recovery of mineralized pillars that otherwise would have been left behind to ensure ground stability. Backfill in strategic higher grade zones would increase mineral reserves with the recovery of those mineralized pillars. In addition, the improvement in ground stability would have a positive impact on dilution. The current backfill system design includes a tailings classification plant, located close to the existing processing plant, and two backfill preparation plants at the João Belo and Morro do Vento mines. The Company is advancing the backfill project to a feasibility study, to be completed by the end of the first quarter of 2021.

Lastly, the Company has also begun a conceptual study on a Phase 3 expansion, which would increase throughput to 10,000 tpd, utilize the existing grinding line, while expanding crushing and leaching circuits and adding additional mining equipment and infrastructure.

Canadian Malartic (50% interest), Canada

The successful ramp-up of the deposit resulted in Barnat declaring commercial production on September 30, 2020. Barnat deposit revenues and costs of production ceased to be capitalized effective October 1, 2020. In addition, DDA associated with the Barnat deposit's capitalized costs commenced on October 1, 2020. Contributions from Barnat are expected to gradually increase throughout 2021. The remaining extension work in the first quarter of 2021 is focused on overburden stripping and topographic excavation continuing according to plan.

During the fourth quarter, the Company continued to advance studies related to the underground project at Canadian Malartic, which consists of the East Gouldie, Odyssey, and East Malartic zones (collectively known as the Odyssey project).

Following impressive technical study results obtained in early February of 2021, the Company and its partner made a positive construction decision of the Odyssey project at Canadian Malartic, with first production from the Odyssey South deposit expected in 2023. The technical study outlined robust economics, a significant increase in mineral resources, and a mine life extension to at least 2039. Whereas the Company had originally considered a production platform conservatively in the range of 450,000 ounces per year, the mine now supports an expected increased annual gold production of 500,000 to 600,000 ounces on a 100% basis. Further extension of the mine life beyond 2039 provides additional upside, with several opportunities under evaluation. A NI 43-101 technical report for the Canadian Malartic operation is expected to be filed in March 2021 and will include a summary of the Odyssey underground project.

Construction of surface infrastructure and the portal in preparation for development of the ramp started in August of 2020. The Company and its partner completed the construction of the mine office and surface facilities in the fourth quarter, to support the development, and further advanced the development of the exploration ramp into Odyssey and East Malartic. The exploration ramp is designed with the purpose of mining their respective upper zones and providing further exploration access to allow tighter drill spacing to further define the mineral resource base, along with headframe construction and shaft sinking. The new ramp will also provide the ability to carry out bulk sampling of 40,000 tonnes of mineralization. The budget for the ramp is C$15.25 million for 2021 on a 50% basis. Development of the exploration ramp is anticipated to take approximately two years to complete, with the first drilling platform will be established in the third quarter of 2021.

A 2.3 kilometre geotechnical hole in the shaft area has been completed, and detailed engineering has begun in relation to the shaft and headframe. The shaft is envisioned as a 6.4-metre diameter, 1.8 kilometre deep shaft with a hoisting capacity of approximately 20,000 tpd. As noted, the Company’s current expectation is that production from Odyssey South will begin in 2023 from the ramp, while the Company sinks the shaft to East Gouldie, with a goal to start production from East Gouldie in 2027.

About the Odyssey project

Canadian Malartic has been a prolific mining operation for decades. Since 2011, it has been an open pit mine, but it has also been a successful underground operation in previous iterations. One of the strategic rationales behind Yamana's decision to jointly acquire Canadian Malartic from Osisko Mining in 2014 was the potential to significantly extend mine life by transitioning the operation to a future underground mine. Initial underground exploration drilling generated promising results, with the discovery of the East Gouldie zone in 2018 confirming the strong potential for a multi-hundred thousand ounce annual production operation with a decades-long mine life. As of year-end 2020, underground mineral resources have grown to approximately 14.4 million ounces of gold (100% basis) in just six years, including an increase of 4 million ounces from year-end 2019.

The Odyssey project hosts three main underground-mineralized zones, which are East Gouldie, East Malartic, and Odyssey, the latter of which is sub-divided into the Odyssey North, Odyssey South and Odyssey Internal zones. For the purpose of the technical study, mineable stope shapes were generated using a gold price of $1,250 per ounce, consistent with the price used for estimating Canadian Malartic open pit mineral reserves. Mineral resources at East Malartic below 600 metres from surface are not currently included in the technical study. A breakdown of the mineral resources used in the technical study, after dilution and mining recovery, is presented in the table below.

Mineral Resources Included in Odyssey Project Technical Study as of December 31, 2020

Zone	Indicated Mineral Resources			Inferred Mineral Resources		
	Tonnes (millions)	**Grade** (g/t Au)	**Contained oz.** (millions)	**Tonnes** (millions)	**Grade** (g/t Au)	**Contained oz.** (millions)
East Gouldie	—	—	—	51.95	3.14	5.24
East Malartic	4.59	2.13	0.31	7.84	2.15	0.56
Odyssey	1.52	1.89	0.10	15.19	2.11	1.08
Total	6.18	2.00	0.41	75.90	2.82	6.88

The shallow mineralized zones located above 600 metres below surface will be mined using a ramp from surface. The deeper mineralized zones below 600 metres from surface will be mined with a production shaft.

In December 2020, ramp development was started on the Odyssey project in order to facilitate underground conversion drilling in 2021 and provide access to the Odyssey and East Malartic deposits. At year-end 2020, the ramp had progressed 102 metres, and an additional 2,850 metres of development is planned in 2021, of which 1,500 metres is in the ramp.

The conceptual mine design in the technical study includes a 1.8-kilometre deep production-services shaft equipped with a Blair hoist for production, a single drum hoist for services, and an auxiliary cage. The hoisting capacity is expected to be approximately 20,000 tpd. The project will also benefit from the existing infrastructure on site such as the tailing storage facilities, the process plant, and the maintenance facilities.

The preliminary mining concept is based on a sublevel open stoping mining method with paste backfill. Longitudinal retreat and transverse primary-secondary mining methods will also be used dependent on mineralization geometry and stope design criteria.

The Odyssey project is expected to be one of the most modernized electric underground mines. All major mobile production equipment (such as trucks, scoop trams, jumbos, bolters, and longhole drill rigs will be electric powered), greatly reducing carbon footprint. On the two main levels with loading pockets, trucks and hammers would be remotely operated 24 hours a day, 7 days a week from a surface control room, greatly increasing equipment utilization.

Production via the ramp is expected to begin at Odyssey South in late 2023, increasing to up to 3,500 tpd in 2024. Collaring of the shaft and installation of the headframe is expected to commence in the second quarter of 2021, with shaft sinking activities expected to begin in late 2022. The shaft will have an estimated depth of 1,800 metres and the first loading station should be commissioned in 2027 with modest production from East Gouldie. The East Malartic shallow area and Odyssey North zones are scheduled to enter production in 2029 and 2030, respectively.

The project is expected to mine 19,000 tpd from the underground from four different mining zones:

- East Gouldie – 12,500 tpd
  - Stope production starts in 2027;
  - Three-year ramp up (2027-2029);
  - Full stope production in 2030 to 2038.

- Odyssey North – 3,500 tpd
  - Stope production starts in 2030;
  - Full stope production in 2031-2038.

- Odyssey South and East Malartic – 3,500 and 3,200 tpd, respectively
  - Odyssey South stope production starts in 2023;
  - Odyssey South full stope production in 2024 to 2027 (3,500 tpd);
  - East Malartic stope production starts in 2028;
  - East Malartic full stope production in 2030 to 2039 (3,200 tpd).

Run-of–mine ore from the open pit will start to decrease in 2023, as the ore production from the underground starts at a rate of 3,000 tpd. The underground should reach full production of about 19,000 tpd by 2031.

Robust Project Economics

Initial expansionary capital of $1.14 billion is expected to be spent over a period of eight years (100% basis), with capital requirements in any given year manageable and fully funded using the Company's cash on hand and free cash flow generation. Additionally, other growth capital expenditures and modest sustainable capital during the construction period total $191.4 million. Gold production during the 2021 to 2028 construction period is expected at 932,000 ounces (on a 100% basis) at cash costs of $800 per ounce. The net proceeds from the sale of these ounces would significantly reduce the external cash requirements for the construction of the project which, assuming the gold price used in the financial analysis for the project, would reduce the projected capital requirements in half.

Average annual payable production is expected to be approximately 545,400 ounces (100% basis) from 2029 to 2039, with total cash costs per ounce of approximately $630 per ounce. Sustaining capital is expected to gradually decline from 2029 to 2039, with an expected average of approximately $55.8 million per year.

The production profile is based on a ramp-up period of six years (2023-2028) followed by 11 years of full production (2029-2039), for a total of 82.1 million tonnes of underground ore processed (100% basis) at an average gold grade of 2.76 g/t, representing approximately 50% of the contained mineral resource gold ounces. On this basis, the after-tax net present value ("NPV") (at a 5% discount rate) and after-tax internal rate of return ("IRR") of the Odyssey project are shown at various gold price assumptions in the table below. The cut-off grade used to estimate the mineable inventory is based on a gold price of $1,250 per ounce, while the financial model uses a base case gold price assumption of $1,550 per ounce. Costs are estimated using a Canadian to US Dollar foreign exchange rate assumption of 1.30.

Odyssey Project Technical Study Sensitives to Gold Price (100% Basis)

Gold Price (USD/oz)	$1,085	$1,250	$1,395	$1,550	$1,705	$1,860	$2,015
NPV 5% (USD millions, after-tax)	$82	$481	$801	$1,143	$1,494	$1,853	$2,212
IRR (%, after-tax)	6%	11%	14%	17.5%	20%	23%	26%

These results demonstrate the expected returns of the Odyssey project after the first decade at full production, highlighting Odyssey as a robust project with significant leverage to higher gold prices and thus supporting the approval for project construction. The results are not intended to reflect the full value of the Odyssey project and extension of mine life beyond 2039 represents significant further upside.

Given the strong underground mining experience of the partners and the experience gained from operating the Canadian Malartic mine since 2014, there is a high degree of confidence in many of the cost assumptions used for the project. While the technical study is considered at a preliminary economic assessment level, the partnership believes that estimates for such things as underground development and mining costs, processing costs, and equipment procurement are more advanced than what would typically be estimated in a preliminary economic assessment level study for a project of this scope. The capital allocation and classification of costs will continue to be refined as the project advances. A preliminary economic assessment is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and, therefore, there is no certainty that the preliminary economic assessment will be realized.

The East Gouldie mineralization is the largest and most profitable deposit due to higher grade and tonnage with more than 70% of the total ounces produced. Exploration drilling at East Gouldie in 2020 totalled 97,000 metres (100% basis), including 25,600 metres in the fourth quarter with multiple mother holes and wedge cuts that resulted in 25 new pierce points in the zone, plus several more in the Odyssey related zones. The intensive drilling program in 2020 has allowed the partnership to increase the inferred mineral resource of the East Gouldie zone by 134% to 6.4 million ounces of gold (100% basis), compared to the initial inferred mineral resource declared at year-end 2019, with an average grade of 3.17 g/t.

The focus of the ongoing diamond drilling campaign from surface is to further define high quality mineral resources by the beginning of 2023 with a drill hole spacing of 75 metres. Improving the geological confidence of the mineral resources is expected to further de-risk future production. With further exploration the Company believes that additional mineralization will come into the mine plan in the coming years.

Odyssey Project Summary

(All numbers are approximate and on a 100% basis)

Estimated Total Production	6,932.0	thousands of gold ounces
Average metallurgical recovery	~95.2%	gold
Average annual gold production		
2023	46,600 oz	(825 k. tonnes, 1.84g/t gold)
2024 to 2026 (average per year)	81,500 oz	(1,344 k. tonnes, 1.98g/t gold)
2027	256,200 oz	(2,810 k. tonnes, 2.98g/t gold)
2028	384,600 oz	(3,333 k. tonnes, 3.79g/t gold)
2029 to 2039 (average per year)	545,400 oz	(6,463 k. tonnes, 2.76g/t gold)
Minesite costs per tonne		
2023	$93.0	C$/t
2024 to 2026 (average per year)	$77.0	C$/t
2027	$79.0	C$/t
2028	$79.0	C$/t
2029 to 2039 (average per year)	$61.0	C$/t
Average total cash costs on a by-product basis (including royalties and refining costs)		
2023 to 2028	800	US$/oz
2029 to 2039	630	US$/oz
Royalty	5.5%	NSR
Mine life	17	years
Capital Expenditures and Construction Phase Operating Statistics		
Initial Capital Expenditures	$1,143.7	million US$ (2021 to 2028)
Gold production	932.0	thousands of gold ounces (2021 to 2028)
Sustaining CAPEX	$55.8	million US$ (2029 to 2039 average per year)

Breakdown of Capital Expenditures by year		
2021	$113.8	million US$
2022	$204.0	million US$
2023	$136.8	million US$
2024 to 2026 (average per year)	$163.8	million US$
2027	$209.0	million US$
2028	$180.3	million US$
Breakdown of Capital Expenditures by category		
Shaft & Surface	$478.4	million US$
Mining Equipment	$162.7	million US$
U/G Development & Construction	$502.6	million US$
Subtotal of Initial Capital Expenditures	**$1,143.7**	**million US$**
Other Growth Capital Expenditures	$191.4	million US$
Reclamation Costs	$3.9	million US$ for Odyssey Project only

The aforementioned costs do not include any offsetting net proceeds from pre-commercial production. Historically, any net proceeds from pre-commercial production were deducted from development capital expenditures; however, due to amendments to the relevant accounting standard that become effective from 2022, this treatment will not be permitted when accounting for the Odyssey project. Specifically, in May 2020, the IASB issued *Property, Plant and Equipment: Proceeds before Intended Use* (Amendments to IAS 16), which prohibits entities from deducting amounts received from selling items produced from the cost of property, plant and equipment while the Company is preparing the asset for its intended use. Instead, sales proceeds and the cost of producing these items will be recognized in the consolidated statements of operations.

Permits for Odyssey North and South were granted in 2020 to allow the first phase of the project to begin. At this time, the Certificate of Authorization ("CofA") for the shaft has not yet been obtained and the CofA for the waste rock management needs to be modified.

A request for a decree amendment, including permits to develop the East Gouldie and East Malartic zones will be sent to the Quebec Ministry of Environment and the Fight Against Climate Change in the first quarter of 2021. If there are no serious hurdles, the project could obtain the necessary approvals from provincial regulators in approximately 12 months. The project team has received a letter confirming that mining the additional zones at the project does not trigger any additional Federal permitting requirements.

Facilitating the Transition from Open Pit Mining

Currently, in the open pit, mining is transitioning from the Canadian Malartic pit to the Barnat pit, which is now in commercial production. Seventy percent of the total tonnes mined in 2021 are expected to come from Barnat. The Canadian Malartic pit will be depleted in the first half of 2023 and waste rock and tailings will be deposited into the pit beginning in 2023.

The operation will progressively shift from open pit to underground mining between 2023 to 2028. To help facilitate this transition, the Company optimized the design of the Barnat pit, adding 290,000 ounces to mineral reserves (100% basis), which will help fill the production gap between 2026 and 2029 as the operation completes the transition to underground mining.

The Partnership is evaluating an additional opportunity to increase production during the transition period by processing low-grade stockpile that is not currently included in mineral reserves. This stockpile is economic at current gold prices and would add an extra 170,000 ounces to planned production on a 100% basis.

MARA Project (Agua Rica and Alumbrera Integration), Argentina

On December 17, 2020, the Company completed the project integration with Glencore International AG and Newmont Corporation and a new partnership was formed to manage, develop and operate the project. The development will be pursuant to the plan contemplated in the agreement and by the partners, and the Agua Rica project will be developed and operated using the existing infrastructure and facilities of Alumbrera in the Catamarca Province of Argentina. Going forward, the integrated project will be known as the MARA Project.

Under the agreement, Yamana, as the sole owner of Agua Rica, and the partners of Alumbrera have created a new Joint Venture pursuant to which Yamana holds a controlling ownership interest in the MARA Project at 56.25%. Glencore holds a 25.00% interest and Newmont holds an 18.75% interest. Yamana will be the operator of the Joint Venture and will continue to lead the engagement with local, provincial, and national stakeholders, and completion of the Feasibility Study and Environmental Impact Assessment ("EIA") for the MARA Project. A MARA Project Joint Venture Technical Committee has been formed and comprises representatives of the three companies.

Agua Rica is a large-scale copper, gold, silver and molybdenum deposit located in the province of Catamarca, Argentina, 25 kilometres north of the town 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 259.9 million 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 742.9 million tonnes represent significant upside potential to further define an increase mineral reserves and life of mine.

The integration creates significant synergies by combining existing substantive infrastructure which was formerly used to process ore from the Alumbrera mine during its mine life, including processing facilities, a fully permitted tailings storage facility, pipeline, logistical installations, ancillary buildings, and other infrastructure, with the future open pit Agua Rica mine. The result is a significantly de-risked project with a smaller environmental footprint and improved efficiencies, creating one of the lowest capital intensity projects in the world as measured by pound of copper produced and in-situ copper mineral reserves.

On July 19, 2019 the Company announced the positive results of a pre-feasibility study ("PFS"), underscoring the Integrated Project as being long life and low-cost 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 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 AISC decreased to $1.52 per pound for the first ten years of production
- NPV increased to $1.935 billion and an increased IRR of 19.7%[ii]

(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 will extend 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 EIA to the authorities of the Catamarca Province and for the continued engagement with local stakeholders and communities. The Companies began the EIA process in 2019, given the level of significant detail in the PFS.

The Joint Venture Technical Committee advanced optimization studies in late 2019 and early 2020, and is now advancing a full Feasibility Study on the Integrated Project, with updated mineral reserve, production and project cost estimates. It has also obtained a provisional Permit for early exploration works from the local authorities to conduct field work for the Feasibility Study and collect additional information for the Integrated Project EIA. COVID-19 has introduced uncertainty into the timeline relating to the completion of the Feasibility Study, mainly due to environmental permit approvals and field work, although as the permit process is well advanced, work preparation has begun in anticipation of receiving necessary authorizations in normal course. Despite the aforementioned delays, Feasibility Study work is ongoing and key technical results are expected during 2021. While the Company continues to advance the Feasibility Study, it notes that a considerable amount of information in the PFS is already at Feasibility Study level mostly as a result of the Integration Transaction. The full Feasibility report and EIA completion are expected in 2022.

The most recent technical studies have confirmed that the processing facility at Alumbrera is capable of processing up to 44.0 million tonnes per year, with minor additional capital expenditures, which represents a significant upside to the PFS results. Further tests and studies are scheduled for the Feasibility Study stage to confirm and optimize the concentrate transportation capacity of the pipeline and the mining plan to support higher throughput. In addition, upside opportunities have already been identified by re-sequencing low grade stockpile, and are expected to provide significant further value for the Integrated Project. The estimated expenses for the Company to advance the project through the Feasibility Study and EIA are in the range of $20.0 million to $25.0 million for the next three years (Yamana's 56.25% interest), representing a manageable and modest investment in relation to the value creation of advancing the Integrate Project to the next phases of development.

After a strategic review, the Company has concluded that the MARA Project represents an excellent development and growth project which the Company intends to continue to advance through the development process through the Company's controlling interest in the project.

The Company acquired cash and cash equivalents of $222.5 million in the acquisition of Alumbrera.

For further details on the Integration Transaction, critical accounting policies, and critical judgments, please refer to the Company's consolidated financial statements for the year ended December 31, 2020.

OTHER INITIATIVES - STRATEGIC, OPTIMIZATION AND MONETIZATION

A number of projects are underway with a goal of surfacing value from non-producing assets. Notable progress relating to some of these initiatives include, but are not limited to the following:

Acquisition of Wasamac property and Camflo property and mill (Monarch Gold Acquisition)

On January 21, 2021, the Company completed its acquisition of the Wasamac property and the Camflo property and mill (the “Acquisition Properties”) through the acquisition of all of the outstanding shares of Monarch Gold Corporation (“Monarch”) not owned by Yamana. Yamana previously announced that it had entered into a definitive agreement with Monarch Gold on November 2, 2020, to acquire the properties, under a plan of arrangement. In connection with the plan of arrangement, Monarch complete a spin-out (the “Spin-Out”) to its shareholders, through a newly-formed company, Monarch Mining Corporation, of its other mineral properties and certain other assets and liabilities of Monarch (collectively, the “Transaction”).

Under the terms of the Transaction, Monarch shareholders received the following per Monarch share: 0.0376 of a Yamana share; C$0.192 in cash; and 0.2 of a share of Monarch Mining. Yamana issued 11,608,195 Yamana Shares and paid approximately C$59.3 million in cash, for total consideration of approximately C$136.1 million. Yamana’s consideration on close represented a value paid for the Wasamac asset of under $67 per ounce of mineral reserves and under $42 per ounce of mineral resources, based on mineral reserves and mineral resources in the feasibility study noted below and net of Yamana's existing Monarch interest in Wasamac.

The addition of the Wasamac project to Yamana's portfolio further solidifies the Company's long-term growth profile with a top-tier gold project in Quebec's Abitibi region, a prolific mining district where Yamana has deep operational and technical expertise and experience. The geological characteristics of the Wasamac ore body suggest it holds the potential to be an underground mine with the potential to achieve the same scale, grade, production, and costs as Yamana's successful Jacobina mine in Brazil, and it possesses many parallels to the underground project at Canadian Malartic. The Wasamac project consists of a single, continuous shear zone with a consistent grade distribution and wide mining widths, making it amenable to simple, productive, and cost efficient underground bulk mining methods. The deposit has existing proven and probable mineral reserves of 21.45 million tonnes at 2.56 g/t, for total proven and probable mineral reserves of 1.8 million ounces of gold. Mineral resources and proven and probable mineral reserves are supported by a Feasibility Study previously completed by Monarch in 2018 (the "Wasamac Feasibility Study"). The Wasamac Feasibility Study outlined a 6,000 tonnes per day operation with average gold production of 160,000 ounces per year. Costs are expected to be at the lower end of the Company's profile, providing an improvement to consolidated costs.

There remains excellent potential for significant future exploration success and mineral resource conversion, with the Wasamac deposit remaining open at depth and along strike. Yamana plans to build on the ongoing permitting and social licensing effort carried out by Monarch, applying the Company's strong ESG framework and best practices, and leveraging the Company's extensive experience in permitting and proven track record of building strong, respectful, and mutually beneficial relationships with the communities and governments wherever it operates. The Company will target increasing the mineral inventory and perform optimizations to further enhance the project's value, advance engineering, and de-risk execution, leveraging Yamana's technical expertise and adhering to the Company's disciplined capital approach. Building off the work completed to date, Yamana plans to commence an exploration and infill drilling campaign and other studies to refine and expand upon the potential of Wasamac and its development alternatives, with an update on these plans to be provided by the third quarter of 2021.

Prior to closing the acquisition of Wasamac, in late 2020 the Company began the process of opening a regional office in the Abitibi region, and hiring personnel to manage the permitting process and related studies to update the feasibility study.

Furthermore, the acquisition aligns with the Company's strategy for a balanced approach to capital allocation, as discussed in Section 2: Core Business, Strategy and Outlook

Leagold-Equinox Merger and Subsequent Partial Disposal

On December 16, 2019, Leagold and Equinox jointly announced that the companies had entered into a definitive agreement to combine in an at-market merger. On March 10, 2020, the companies announced that the merger had been completed. The combined company continues as Equinox Gold under the ticker symbol "EQX" on both the Toronto Stock Exchange and the New York Stock Exchange.

Immediately prior to the completion of the merger, Yamana owned 20.4% of the outstanding common shares of Leagold. Pursuant to the transaction, Leagold shareholders received 0.331 of an Equinox share for each Leagold share held. This resulted in Yamana owning approximately 9% of the combined company.

Yamana concluded that, as a result of its reduced shareholding, it no longer had significant influence over the investee, and therefore, discontinued accounting for the investment using the equity method from the date of the completion of the merger. Yamana recorded a gain on discontinuation of the equity method of $21.3 million, which is included in other operating income (expenses) for the three months ended March 31, 2020. The investment in Equinox is accounted for as a financial asset at fair value through other comprehensive income.

During the year, the Company sold 13,200,000 shares of Equinox for gross proceeds of C$140.5 million. As at December 31, 2020, Yamana held 6,000,000 Equinox Shares, representing approximately 2.5% of the issued and outstanding Equinox Shares, on a non-diluted basis.

In association with 12,000,000 shares sold in the second quarter, the Company also wrote 6,000,000 warrants for Equinox shares owned by Yamana at an exercise price of C$13.50 for a term of 9 months from the date of issue. Subsequent to year end, 405,000 warrants were exercised and the same number shares disposed of at the exercise price of C$13.50 in association with the units written in the second quarter, for total proceeds of $4.2 million (C$5.5 million), and the remainder of the purchase warrants expired.

Sale of Royalty Portfolio Assets

On May 27, 2020, the Company announced the completion of the sale of its portfolio of royalty interests and the contingent payment to be received upon declaration of commercial production at the Deep Carbonates Project ("DCP") at the Gualcamayo gold mine (together, the "Royalty Portfolio") to Nomad Royalty Company Ltd. (formerly, Guerrero Ventures Inc.) ("Nomad") for total consideration of $64.2 million (the "transaction").

The assets in the Royalty Portfolio sold in the transaction:

- A 1% net smelter return royalty ("NSR") on gold production and 2% NSR on base metals from the Riacho dos Machados ("RDM") gold mine operating in Minas Gerais, Brazil;
- A 2% NSR on oxide gold production from the Gualcamayo gold mine operating in San Juan, Argentina, once the operation produces approximately 275,000 ounces from January 1, 2020;
- A 1.5% NSR on production from the DCP at the Gualcamayo gold mine;
- A $30.0 million cash payment receivable upon declaration of commercial production at the DCP; and
- A 2% NSR on production from the Suruca project in Goiás, Brazil.

The fair value of the consideration at closing of the transaction was as follows:

- $10.0 million in cash;
- $10.8 million, being the fair value of the $10.0 million deferred cash payment. The deferred cash payment was measured at fair value due to the convertible nature of the financial instrument and can be converted by the holder into shares of Nomad at C$0.90 per share over a period of two years; and
- $43.4 million in Nomad common shares at a price of C$0.90 per share with a lock-up period of six months from the transaction date.

Following the completion of the sale of the Royalty Portfolio, Yamana held approximately 13% of the outstanding shares of Nomad. As Yamana will be represented on Nomad's board of directors, the Company concluded that it has significant influence over Nomad, and the share position has been accounted for as an investment in associate using the equity method.

On December 11, 2020, Yamana completed the sale of 22,750,000 Nomad shares via secondary offering for gross proceeds of C$25,025,000. Following the closing of the offering, Yamana holds 43,750,000 Nomad shares, representing approximately 7.75% of the issued and outstanding Nomad shares on a non-diluted basis. Yamana is deemed to hold an additional 14,148,889 Nomad shares under the convertible Deferred Cash Payment, which together with the basic shares owned by Yamana represent 10.01% of the issued and outstanding Nomad shares on a partially-diluted basis.

Suyai, Argentina

On April 28, 2020, the Company announced it entered into a definitive option agreement pursuant to which it granted CAM, a privately held portfolio management and capital markets company based in Argentina, owned by Messrs. Eduardo Elsztain and Saul Zang, the right to acquire up to a maximum 40% interest in a joint venture formed to hold the Suyai Project. CAM's portfolio includes the biggest real estate company in the country, NASDAQ-listed international agricultural companies, along with banking and mining investments. CAM has successfully led the development of significant construction projects across the country.

An initial amount of $2.0 million was received by the Company to secure the option. CAM will assume responsibility for all ESG matters, including leading the permitting efforts aimed to advance the project through its different stages of development. As noted, CAM has the right to earn a maximum 40% interest in the resulting joint venture formed to hold the Suyai Project by fulfilling certain obligations and achieving certain milestones, mostly relating to ESG matters, and by paying $31.6 million in various installments in addition to the proportionate expenses, on or before December 31, 2024. The Company believes there is considerable value, far in excess of cash value, in fulfilling the obligations and achieving the milestones relating to ESG matters which would advance the Suyai project. Through certain of its holding companies, Yamana would hold the remaining 60% of the joint venture.

In the event the project receives approval to proceed, Yamana would oversee its development, applying best industry mining and ESG practices and its experience in project development and operations in southern Argentina. Development of the project would occur under the oversight of a board of directors of the holding company that owns the project with CAM nominating two out of five directors. Yamana would nominate the other directors. The joint venture would entitle each party to its proportion of gold production from the project.

The Company previously completed studies that in addition to redesigning Suyai as a small scale high-grade underground project, evaluated different options for ore processing, which provided favourable project economics.

The preferred option calls for the construction of a processing facility for on-site production of gold and silver contained in a high-grade flotation concentrate, which would be transported by land and by sea to one or more gold smelters world-wide. As only a flotation concentrate would be produced at Suyai, no cyanide or other deleterious chemicals would be used at site. Gold production is expected to reach up to 250,000 ounces annually for an initial eight years.

Agua de la Falda, Chile

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, near El Salvador in the Atacama region. While the historical Jeronimo Feasibility Study focused on maximizing gold production from the sulphide deposits, the Company completed the study of a low capital starter-project based on the remaining oxide inventory in heap leach pads and open pits with positive results and quick payback. The Company is also evaluating exploration plans with its partner on the highly prospective claims surrounding the mine, where early-stage targets for both gold and copper mineralization have been identified. Re-logging of historical holes and exploratory drilling support the potential to extend the gold oxide mineralization, as well as the potential for copper/gold deposits within the joint venture claims. Agua de la Falda has processing capacity and infrastructure already installed, and it is in the vicinity of the El Salvador Division of Codelco.

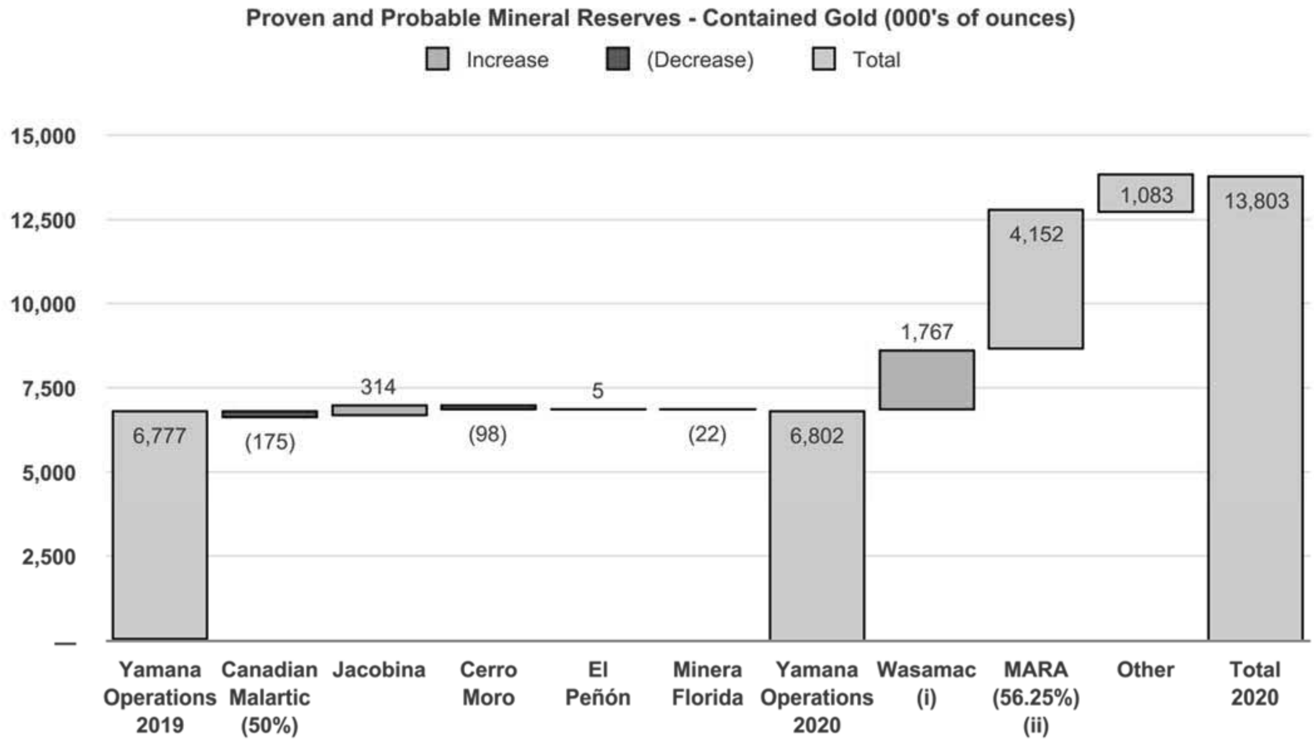
6. MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

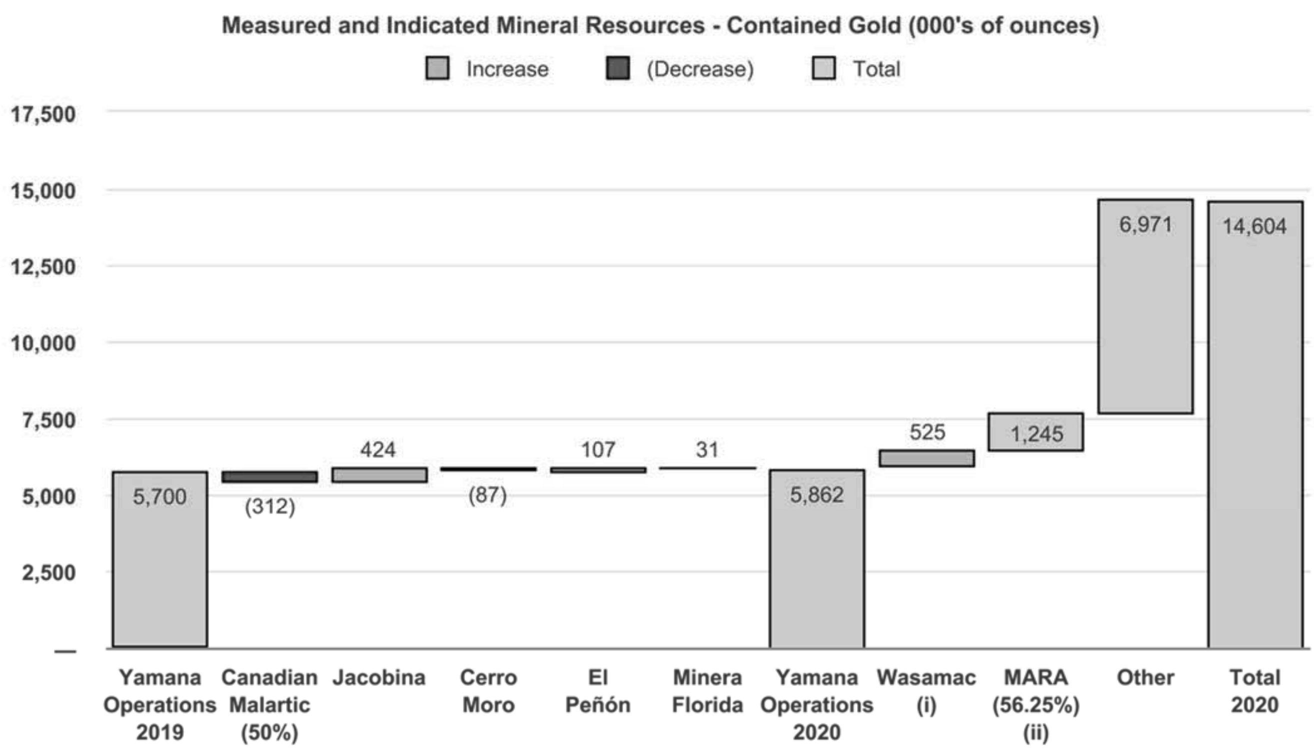
Mineral reserves and mineral resources are determined in accordance with National Instrument 43-101- Standards of Disclosure for Mineral Projects, issued by the Canadian Securities Administrators ("NI 43-101"). NI 43-101 sets out the standards of disclosure for mineral projects including rules relating 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.

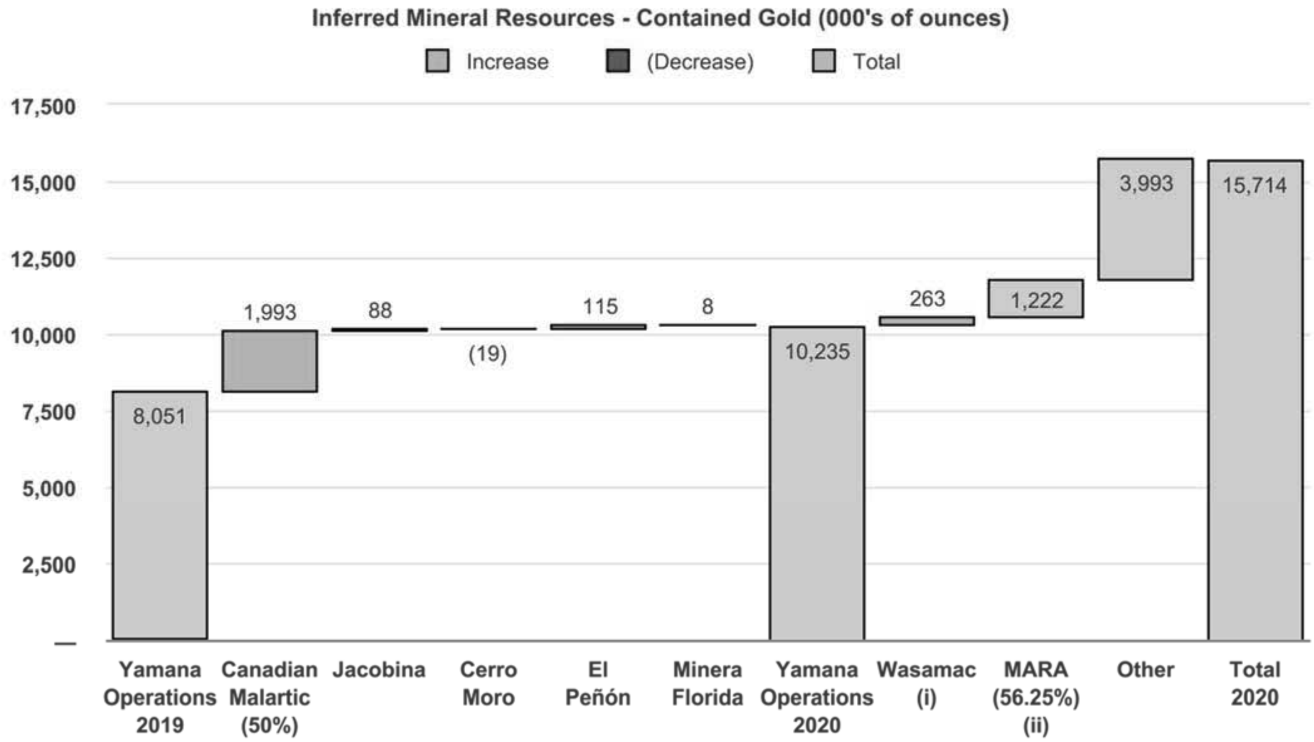
For details, refer to the mineral reserve and mineral resource tables contained in the Company's 2020 annual report.

For mineral reserve estimation purposes, the gold price assumption for Yamana operating mines of $1,250 is consistent with prior year. 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, 2020 are summarized in the following tables. Complete information relating to mineral reserves and mineral resources including a complete listing of metal price assumptions, tonnage, grade and recoveries is contained in a complete mineral resource and mineral reserve table accompanying the 2020 annual report available on the Company's website, www.yamana.com.


Proven and Probable Mineral Reserves - Contained Gold (000's of ounces)
Increase
(Decrease)
Total
15,000
12,500
10,000
7,500
5,000
2,500
—
6,777
(175)
314
(98)
5
(22)
6,802
1,767
4,152
1,083
13,803
Yamana Operations 2019
Canadian Malartic (50%)
Jacobina
Cerro Moro
El Peñón
Minera Florida
Yamana Operations 2020
Wasamac (i)
MARA (56.25%) (ii)
Other
Total 2020


Measured and Indicated Mineral Resources - Contained Gold (000's of ounces)
Increase
(Decrease)
Total
17,500
15,000
12,500
10,000
7,500
5,000
2,500
—
5,700
(312)
424
(87)
107
31
5,862
525
1,245
6,971
14,604
Yamana Operations 2019
Canadian Malartic (50%)
Jacobina
Cerro Moro
El Peñón
Minera Florida
Yamana Operations 2020
Wasamac (i)
MARA (56.25%) (ii)
Other
Total 2020



(i) On January 21, 2021 the Company completed the acquisition of the Wasamac property and the Camflo property and mill through the acquisition of all of the outstanding shares of Monarch Gold not owned by Yamana.

(ii) On December 17, 2020, the Company completed the MARA Project integration agreement with Glencore International AG and Newmont Corporation. The 2020 mineral reserves and mineral resource estimates for MARA reflect Yamana's 56.25% interest, post-integration.

Mineral Reserves & Mineral Resources Estimates (i)	Contained Gold (in 000's ounces)		Contained Silver (in 000's ounces)		Contained Copper (in million pounds)	
Proven & probable mineral reserves	**2020**	2019	**2020**	2019	**2020**	2019
Canadian Malartic (50%)	**2,214**	2,389	**—**	—	**—**	—
Jacobina	**2,807**	2,493	**—**	—	**—**	—
Cerro Moro	**431**	529	**23,897**	30,461	**—**	—
El Peñón	**921**	916	**29,214**	30,238	**—**	—
Minera Florida	**428**	450	**2,979**	3,125	**—**	—
Yamana Operations proven & probable mineral reserves	**6,802**	6,777	**56,091**	63,824	**—**	—
Jeronimo (57%)	**1,082**	1,082	**—**	—	**—**	—
MARA (56.25%) (ii)	**4,152**	4,642	**56,689**	56,689	**6,654**	7,002
Wasamac (iii)	**1,767**	—	**—**	—	**—**	—
Total proven & probable mineral reserves	**13,803**	12,501	**112,780**	120,513	**6,654**	7,002
Measured & indicated mineral resources						
Canadian Malartic (50%)	**535**	847	**—**	—	**—**	—
Jacobina	**3,514**	3,090	**—**	—	**—**	—
Cerro Moro	**90**	177	**6,220**	13,809	**—**	—
El Peñón	**765**	658	**25,541**	21,911	**—**	—
Minera Florida	**959**	928	**5,279**	5,389	**—**	—
Yamana Operations measured & indicated mineral resources	**5,862**	5,700	**37,039**	41,109	**—**	—
Jeronimo (57%)	**139**	139	**—**	—	**—**	—
La Pepa	**2,760**	2,760	**—**	—	**—**	—
Suyai	**2,286**	2,286	**3,523**	3,523	**—**	—
MARA (56.25%) (ii)	**1,245**	1,019	**8,442**	8,442	**1,383**	1,176
Monument Bay	**1,787**	1,787	**—**	—	**—**	—
Wasamac (iii)	**525**	—	**—**	—	**—**	—
Total measured & indicated mineral resources	**14,604**	13,691	**49,004**	53,074	**1,383**	1,176
Inferred mineral resources						
Canadian Malartic (50%)	**6,883**	4,890	**—**	—	**—**	—
Jacobina	**1,494**	1,406	**—**	—	**—**	—
Cerro Moro	**254**	273	**8,786**	15,542	**—**	—
El Peñón	**850**	735	**28,138**	25,786	**—**	—
Minera Florida	**755**	747	**3,596**	3,517	**—**	—
Yamana Operations inferred mineral resources	**10,235**	8,051	**40,520**	44,845	**—**	—
Arco Sul	**615**	646	**—**	—	**—**	—
Jeronimo (57%)	**161**	161	**—**	—	**—**	—
La Pepa	**620**	620	**—**	—	**—**	—
Lavra Velha	**543**	543	**—**	—	**—**	—
MARA (56.25%) (ii)	**1,222**	1,266	**21,765**	21,765	**2,125**	2,136
Monument Bay	**1,781**	1,781	**—**	—	**—**	—
Suyai	**274**	274	**575**	575	**—**	—
Wasamac (iii)	**263**	—	**—**	—	**—**	—
Total inferred mineral resources	**15,714**	13,342	**62,859**	67,185	**2,125**	2,136

(i) The assumptions used for mineral reserve and mineral resource estimates as at December 31, 2020 for all operating mines reported in this MD&A were $1,250 per ounce gold, $18.00 per ounce silver, and $1.25 per pound of zinc. Mineral resources are reported exclusive of mineral reserves, using a cut-off grade (or cut-off value) 75% of the one used for mineral reserves. The Arco Sul project mineral resource estimate uses $1,250 per ounce of gold. The Jeronimo project mineral reserve and mineral resource estimates use $900 per ounce of gold. The La Pepa project mineral resource estimate uses $780 per ounce of gold. The Lavra Velha project mineral resource estimate uses $1,300 per ounce of gold, and $3.50 per pound of copper. The Agua Rica project (MARA) mineral reserve estimate uses $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 (MARA) mineral resource estimate uses $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 Alumbrera project (MARA) mineral resource estimate uses $1,300 per ounce of gold and $2.83 per pound of copper. The Monument Bay project mineral resource estimate uses $1,200 per ounce of gold. The Suyai project mineral resource estimate uses a 5.0 g/t gold cut-off grade assumption. The Wasamac project mineral reserve estimate uses $1,300 per ounce of gold. The Wasamac project mineral resource estimate uses $1,500 per ounce of gold.

(ii) On December 17, 2020, the Company completed the MARA Project integration agreement with Glencore International AG and Newmont Corporation. The 2020 mineral reserves and mineral resource estimates for MARA reflect Yamana's 56.25% interest post-integration. The 2019 mineral reserves and mineral resource estimates for MARA (comprised of both Agua Rica and Alumbrera) have been recast to reflect Yamana's 56.25% post-integration interests. Prior to integration, Yamana owned 100% and 12.5% of Agua Rica and Alumbrera, respectively.

(iii) On January 21, 2021 the Company completed the acquisition of the Wasamac property and the Camflo property and mill through the acquisition of all of the outstanding shares of Monarch Gold not owned by Yamana.

Further information by mine is detailed below.

Canadian Malartic including Odyssey, Canada (50%)

At Canadian Malartic, an optimized design of the Barnat pit resulted in an increase in gold mineral reserves, which significantly reduced depletion resulting from production. On a 50% basis, while 325,000 ounces of mineral reserves were depleted through production, the optimized pit design resulted in an increase of approximately 150,000 ounces. This, combined with other small additions, resulted in net depletion of only 175,000 ounces. This allows for approximately half a year of additional mine life from the open pit operation. Underground inferred mineral resources at East Gouldie increased by 3.68 million ounces on a 100% basis as a result of the infill drilling program conducted throughout 2020, while the zone continues to expand at depth. On a 100% basis, the overall underground project has increased to more than 14,000,000 ounces of gold mineral resources, of which approximately 7,300,000 ounces are included in a Preliminary Economic Assessment completed in February 2021. The remaining mineral resources, together with the potential extension of East Gouldie at depth, represents further upside to extend mine life beyond 2040. Additional exploration in the underground project is planned for 2020, including the first drill holes from an underground drill bay off the exploration ramp which commenced in the fourth quarter of 2020.

Jacobina, Brazil

Jacobina replaced 2020 depletion of gold mineral reserves and added approximately 300,000 ounces of additional reserves, based on positive infill drilling results at all mines and especially at Canavieiras Central, where drilling has added indicated mineral resources in the high grade LUT reef and lower grade parallel reefs. Average mineral reserve grade has modestly decreased as a result of such parallel reefs that are considered economical to mine. Operational costs will consequently not be affected by the change in reserve grade. In the short term, the Company expects to continue processing at a grade higher than average mineral reserves grade, as reflected in the 2020 average feed grade of 2.36 g/t. These lower grade mineral reserves also provide opportunities for incremental lower-cost mill feed in excess of the planned throughput rates, in the event that the processing plant optimizations and expansions exceed targeted throughput rates. Measured and indicated mineral resources and inferred mineral resources both increased from year end 2019, with total gold mineral resources and mineral reserves increasing by 823,000 ounces. The continued mineral reserve and mineral resource growth establishes Jacobina as a multi-decade operation and supports the ongoing production growth trend towards 230,000 ounces of gold per year after the implementation of the Phase 2 expansion project. As a result of the exploration success, the Company is now considering further growth opportunities including a potential Phase 3 expansion to 10,000 tpd.

Cerro Moro, Argentina

At Cerro Moro, mineral reserves changed due to 2020 depletion and adjustments to the geological models, partly offset by new mineral reserves at Naty. The model adjustments, as an outcome of increased geological understanding gained from mining of the deposits, together with addition of new lower grade open pit mineral reserves, have resulted in a reduction of average mineral reserves grade. Higher grade intercepts at depth at Zoe and Escondida late in the year are not included in the year-end mineral reserves and mineral resources but will be followed up with drilling in 2021. Although COVID-19 related disruptions impacted the Company’s ability to add new inferred mineral resources in 2020, approximately 56,000 ounces of gold inferred mineral resources have been added as a potential heap leach inventory. Promising metallurgical testing results and conceptual level engineering completed in 2020 demonstrate the potential for a parallel heap leach operation to provide supplementary production to the existing plant and provides a lower cost processing alternative to reduce cut-off grade and convert the expanding inventory of lower grade mineralization that is sub-economic at the current mineral reserves parameters. Drilling will follow up on heap leach targets in 2021 with an objective to build inferred mineral resources.

El Peñón, Chile

El Peñón's gold mineral reserves replaced 2020 depletion as the result of positive infill drilling. This is the third consecutive year that El Peñón gold mineral reserves have replaced depletion of mining, increasing from 764,000 ounces in year-end 2017 to 921,000 ounces in year-end 2020. Gold and silver measured and indicated mineral resources increased by 16% and 17% respectively, compared to the prior year, due to the positive infill drilling results, especially at La Paloma, Pampa Campamento, and Quebrada Colorada Sur, the latter of which is a new vein discovered in early 2020, converted to inferred and then indicated mineral resources throughout the year, and incorporated into the mine plan in 2021. Inferred gold mineral resources also increased by 16%, providing additional targets for infill drilling in 2021. A subset of these inferred mineral resources, subjected to the same economic and mining parameters as mineral reserves, are included in the Company's 10-year production outlook for El Peñón. Although the average mineral resource grade is lower than mineral reserves grade, the subset of mineral resources included in the mine plan is of similar grades to mineral reserves. This process is demonstrated in the year-end mineral reserves, where the inferred mineral resources converted to mineral reserves in 2020 are higher than average reserves grade and the new inferred mineral resources added throughout the year are also higher than average grade. The ongoing exploration success and mineral reserves replacement at El Peñón continues to extend the mine life of the operation, which is entering its 22nd year of production, and unlocks opportunities for sustainable production growth with minimal capital investment.

Minera Florida, Chile

At Minera Florida, mineral reserves changed due to depletion from mining, partially offset by additions as a result of positive drilling results at Pataguas and Don Leopoldo. Indicated and inferred mineral resources increased by 30,000 ounces and 9,000 ounces of gold respectively. Due to COVID-19 impacts, drilling of several zones that was planned for earlier in the year was postponed to the fourth quarter and is therefore not included in the year-end mineral resource and mineral reserves statements.

Agua Rica, Argentina

Following the completion of the Integration of the Agua Rica Project and the Alumbrera plant and related infrastructure in December 2020, mineral resources and mineral reserves for the MARA Project are now included in total mineral resources and mineral reserves on a 56.25% basis. Agua Rica open pit mineral reserves of 6,654 million pounds copper and 4,152,000 ounces gold on a 56.25% basis are based on the 2020 pre-feasibility study and represent a mine life of 28 years with annual production averaging 533 million pounds of copper equivalent in the first 10 years on a 100% basis. Exclusive mineral resources and exploration potential presents further upside, including in-pit inferred mineral resources that are currently considered as waste in the mine plan. Alumbrera mineral resources are constrained to open pit shells as potential pushbacks to the existing Alumbrera and Bajo El Durazno pits and are currently being assessed as a potential starter project during construction of Agua Rica.

Wasamac, Canada

The Wasamac project is included in the Company's mineral resource and mineral reserves statement for the first time, following the acquisition of the project on January 21, 2021. Mineral reserves are unchanged from the feasibility study conducted by Monarch Gold in 2018 and are based on an underground long hole stoping mining method using a gold price assumption of $1,300 per ounce. The gold mineral reserves of 1.8 million ounces supports a planned production rate of approximately 160,000 ounces of gold per year over a mine life of 11 years. Mineral resources are also unchanged from those reported in the 2018 feasibility study, except mineral resources are now reported exclusive of mineral reserves, consistent with the Company's reporting methodology. The Company is reviewing mineral resources and mineral reserves as part of the feasibility study update, planned for completion in the third quarter of 2021.

7. EXPLORATION

Exploration on the most prospective properties is a key to unlocking and creating value for shareholders. The Company has built significant land positions including projects that are at different stages of advancement in prospective mineral districts in all countries where it has producing assets, and it is pursuing advancing this portfolio of exploration projects in these countries. This effort allows for the rapid advancement of the highest value projects, while at the same time moving the most promising early-stage properties up the exploration pipeline. The following are key elements and objectives of the generative exploration program:

- Target the Company's most advanced exploration projects while retaining the flexibility to prioritize other projects in the portfolio as and when merited by drill results.
- Add new inferred mineral resources of at least 1.5 million ounces of gold equivalent within the next three years to move at least one project towards a preliminary economic assessment.
- On a longer term basis, advance at least one project to a mineral inventory that is large enough to support a mine plan demonstrating positive economics with annual gold production of approximately 150,000 ounces for at least eight years.

- Advance both gold-only and copper-gold projects and, in the latter case, consider joint venture agreements aimed at increasing mineral resource and advancing the project to development while Yamana maintains an economic interest in the project.
- Evaluate the acquisition or investment on prospective exploration opportunities companies that align with Yamana's objectives for capital allocation and financial results, jurisdiction quality, geology and operational expertise.

The generative exploration program is first focusing on the most advanced projects in Yamana's portfolio while continuing drilling activity at a number of the Company's highly prospective earlier stage projects. These project stages are categorized and defined as follows:

- Tier One - Projects with well-defined gold mineral resources and opportunities to grow to a potentially economic threshold in the next three years.
- Tier Two - Projects that have achieved significant drill intercepts and whose geology along with other factors support rapid resource growth.
- Tier Three - Highly prospective projects with known mineralization defined with rock and soil geochemistry that warrant future drill testing.

The Company is confident that its exploration pipeline includes projects that can meet its shorter-term objective of at least one project achieving 1.5 million ounces of gold in the inferred mineral resource category within three years as well as its longer-term objective of building at least one gold mineral resource that can support a mine with annual production of approximately 150,000 ounces per year for at least eight years.

The Company is focusing its exploration activities in part on the large land positions held within the Company, including projects that are at different stages of advancement in prospective mineral districts in all countries where it has producing assets and can leverage its technical and operational expertise, and it is pursuing advancing this portfolio through exploration projects in these countries. This effort will allow for the rapid advancement of the highest value projects, while at the same time moving the most promising early-stage properties up the exploration pipeline. In the current high market valuation environment of high-profile gold exploration projects, the Company feels it is timely and prudent to advance its in-house exploration assets.

As a complement to the advancement of the internal exploration opportunities, the Company will consider the acquisition of earlier stage development assets or companies that align with Yamana's objectives for capital allocation and financial results, jurisdiction, geology and operational expertise. Such opportunities should be funded through internal resources, meet minimum return levels that well exceed cost of capital and would meet the Company's minimum requirements to achieve mineral reserve and mineral resource inventories, mine life and per year production rate. Furthermore, preference would be given to geological and operational characteristics where the Company has an identified expertise and excellent opportunities for value enhancement. Such opportunities would also extend an existing regional presence or lead to that longer-term objective. Although the Company has an established portfolio of early-to-later-stage organic growth projects, the Company also considers it prudent to consider opportunities to extend regional presences in quality jurisdictions that offer geological and operational synergies and similarities to its current portfolio of assets.

Exploration Expenditures

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)	**2020**	2019	**2020**	2019
Exploration and evaluation capitalized (i)	**$ 21.0**	$ 13.9	**$ 57.6**	$ 60.4
Exploration and evaluation expensed (ii)	**6.0**	3.3	**15.1**	10.3
Total exploration and evaluation expenditures	**$ 27.0**	$ 17.2	**$ 72.7**	$ 70.7

(i) Capitalized exploration and evaluation costs are reflected in property, plant and equipment in the Consolidated Balance Sheets. Details by mine can be found in the Capital Expenditures table in *Section 1: Highlights and Relevant Updates*.
(ii) Expensed exploration and evaluation costs are reported in the Consolidated Statements of Operations for the respective period.

During the fourth quarter, exploration drilling and other field activities continued to ramp up in most jurisdictions as responses to COVID-19 restrictions were managed. Drilling activities continued in Brazil at Ivolandia to expand the near surface oxide targets, and drilling was reinitiated at Lavra Velha and Borborema, as described in more detail below. Exploration drilling was also initiated at Jacobina Norte during the fourth quarter. Exploration in Chile in the fourth quarter included RC scout drill testing at several early-stage projects near the El Peñón mine. Exploration in Argentina was limited due to travel restrictions, but drilling in 2021 is planned to test breccia-related high-sulphidation epithermal gold targets on the Company's Las Flechas property. At Monument Bay, Manitoba, an initial Phase I deep drilling program was completed, designed to test the down plunge projections of modeled, plunging high-grade zones at the Twin Lakes deposit.

Monument Bay, Canada

The Monument Bay deposit is hosted in the Stull Lake Greenstone Belt, comprising 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.

The focus of the current exploration program is the advancement of the Twin Lakes resource. Beyond the Twin Lakes deposit, the large Monument Bay land package is largely under-explored. A smaller but important component of the current exploration plan at Monument Bay is the continued evaluation and advancement of secondary targets on the property.

Exploration at Monument Bay during the fourth quarter continued to advance the evaluation and definition of high-grade ore shoots at depth at the Twin Lakes resources as part of an assessment considering the project as an underground mine. Approaching the Twin Lakes deposit as a potential underground project is an economically attractive alternative to the open pit scenario with lower capital (due to the higher investment required to develop a large tonnage, low grade, open pit mine), reduced environmental footprint, and clear upside exploration potential. The current drill program is designed to test the depth extent of several well-defined high-grade zones along a four kilometre strike length of the deposit. Shallow diamond drilling during the first half of 2020 confirmed the continuation and orientation of higher-grade mineralization and provided targets for follow up drilling at depth. Although startup of the 2020 summer field activity at Monument Bay was impacted by COVID-19 restrictions, the drilling program testing the depth extension of high-grade shoots at Twin Lakes was initiated in the previous quarter and a COVID-abbreviated 3-hole Phase I program completed in late fourth quarter. During the quarter two diamond drill holes were completed totaling 1,690 metres. All three Phase I drill holes at Twin Lakes intersected the mineralized zone and associated felsic dyke, however, overall assays were lower than anticipated. Drilling will continue in early 2021.

Domain, Canada

The Domain project is located near Oxford Lake in northeast Manitoba, comprising a 20,000-hectare property that is 100%-controlled by the Company. Interpretation of regional airborne magnetics together with government geological survey till geochemistry support a highly prospective environment for folded iron formation hosted gold. The Company's property surrounds three claims totaling 576 hectares that are under a joint venture agreement with Capella Minerals Limited, which holds a 29.6% interest. The joint venture claims cover an area of historic drilling with significant gold intercepts hosted by iron formation that includes intervals reported by Rolling Rock Resources in 2008 and New Dimension Resources in 2017.

The Company recently signed an exploration agreement with the Bunibonibee Cree Nation ("BCN") that provides a framework for a cooperative, mutually respectful agreement supporting the advancement of exploration within the Traditional Territory of the BCN while providing employment and business opportunities to the BCN. Yamana is in the planning stages of a work program for the property, and pending conclusion of community consultation and permitting, exploration work is anticipated to begin in early 2021.

Lavra Velha, Brazil

Lavra Velha is a near surface advanced Tier 1 exploration project located in the Lavra Velha district in Brazil's Bahia state. Surface work and drilling has defined significant gold mineralization, building on the 2013 inferred mineral resource of 3.93 million tonnes at 4.29 g/t for 543,000 ounces of gold. The defined Lavra Velha deposit consists of shallowly dipping near surface mineralization that may be amenable to low capital intensity open pit mining and heap leaching. Metallurgical studies are ongoing. Exploration has defined numerous additional gold anomalies in soil and rock which will be drill tested as part of the program. There are significant drill targets on the 55,000-hectare property, and Lavra Velha represents one of the most immediate, shorter-term opportunities to achieve the Company's stated exploration goals given the mineral resource to date and drilling following the initial mineral resource estimate. Further, Lavra Velha is highly prospective to meet the Company's long-term objectives, as it is a shallow, flat-dipping orebody, making it ideal for open pit mining with a low strip ratio, and oxide mineralization, with potential to be processed as a heap leach operation. Therefore, the project has potential as a low capital cost, low operating cost operation.

In the fourth quarter, the near surface resource expansion and exploration program continued at the Lavra Velha Sul/SW target. Drilling in the quarter also tested regional targets, including Carrapicho, Lavra Velha Oeste, Flanco Leste and Mata. In total, 2,482 metres were completed in 20 drill holes, bringing the total drilling in 2020 on the project to 4,820 metres in 39 holes. Four drill holes totaling 515 metres were completed at Lavra Velha Sul/SW testing extensions and better defining the geometry of the system. Exploratory drilling tested surface anomalies at Flanco Leste, Mata and a possible eastern extension of the Lavra Velha deposit with 1,786 metres completed. Surface work included stream sediment sampling to develop new district targets returning positive results in multiple areas. Drill testing of multiple targets will continue in 2021.

Jacobina Norte, Brazil

The Jacobina Norte project, located in Brazil's Bahia state just nine kilometres north of the Jacobina mine, is one of Yamana's most promising, wholly-owned advancing exploration projects. The Company controls 78,000 hectares that cover over 150 kilometres of strike extent of the Serra do Corrego Formation, which hosts paleoplacer gold mineralization at the Jacobina mine. Surface exploration along strike has defined mineralization at Jacobina Norte where surface sampling and historic shallow drilling of mineralized reefs along a 15-kilometre trend have defined significant gold grades.

Historic drill results in a restricted part of the Jacobina Norte area reported four intercepts with grades and widths that indicate a strong exploration target. Once a mineral resource is identified for Jacobina Norte, the Company will evaluate if the area is best developed as a standalone mine or as a source of additional mine feed to the existing Jacobina plant. The southernmost section of Jacobina Norte (the Serra Branca target) is located just nine kilometres north of Canavieiras Norte within the existing Jacobina mine infrastructure.

The experience at the Jacobina mine leads the Company to conclude that there is a strong possibility over the next decade of a second Jacobina-type mine along the concession owned by Yamana near the current Jacobina mine. Further, the concessions extend well beyond the Jacobina mine and Jacobina Norte, which creates excellent opportunities for further prospects.

Surface work in 2020 has defined a 4.3 kilometre trend at Barrocão Velho, a high priority target with surface workings and exposures of mineralized reefs with very limited drilling tests. Exploratory drilling on this target was initiated late in the third quarter and continued through the fourth quarter, with two drill holes totaling 957 metres completed. Assays from the first drill hole were negative with low gold grades, however drill data was used to define possible ore shoot geometry and a second hole is in progress to test the likely down plunge extent of significant surface mineralization. The drill results to date confirm the continuity of multiple favourable conglomerate horizons to depth and has encountered reefs with strong oxidation, boxwork and favourable pebble size distribution. Additional work in the quarter included detailed mapping along the Angicos-Barrocao Velho trend (4.5 kilometre) and Santa Cruz trends (3.5 kilometre) with paleochannel analyses to better support exploratory drilling. Additionally, 1,786 surface samples were collected during the fourth quarter.

Borborema, Brazil

The Borborema project is a 25,000-hectare land package in the Borborema district in Brazil's Pernambuco state. The project is located in a Proterozoic magmatic arc environment that is similar to the belt hosting the Chapada mine, a large copper-gold mine developed by Yamana, put into production in 2007 and disposed of in 2019.

Originally explored for narrow high-grade gold veins, exploration at Borborema also identified strong copper–gold anomalies in both rocks and soils. Initial drill testing of the São Francisco anomaly in 2019 generated very high grade near surface copper (gold) intercepts from massive sulphide mineralization. Notable drill intercepts, previously reported in the February 20, 2020 press release 'Yamana Gold Provides Update on Its Generative Exploration Program', with greater than 5% copper include: 3.66 metres at 0.58 g/t of gold and 7.14% copper (12.33 g/t gold equivalent) (starting at 90 metres down hole); 2.97 metres at 0.40 g/t of gold and 7.20% copper (12.25 g/t gold equivalent) (starting at 44.18 metres down hole); and 7.50 metres at 0.35 g/t of gold and 6.41% copper (10.90 g/t gold equivalent) (starting at 70.37 metres down hole). True widths are not interpreted at this time.

COVID-19 related delays limited exploration in early 2020 but exploration drilling was restarted in mid-August and continued in the fourth quarter. Drilling in the fourth quarter totaled 2,655 metres in 14 drill holes, targeting extensions of the São Francisco target and regional anomalies in the wider São Francisco area. Assay results are pending for step out drilling at São Francisco, however massive and disseminated copper sulphides were intersected in drilling up to 1,200 metres east along strike of the main São Francisco target area, indicating a significant strike extension is available for further exploration.

While the Company will continue to advance Borborema, the project is primarily a high-grade copper deposit with some gold and zinc. As such, Borborema represents an excellent opportunity for a joint venture pursuant to which Yamana would continue to benefit and create value while it maintains its focus on its precious metals opportunities. Several other well-defined copper gold soil and rock anomalies were tested with initial drill holes during the fourth quarter, intersecting significant areas of alteration associated with anomalous gold and copper values in multiple holes. Drill testing of the São Francisco target and other anomalies on the property will continue in early 2021.

8. FINANCIAL CONDITION AND LIQUIDITY

BALANCE SHEET REVIEW

As at, (In millions of US Dollars)		**December 31, 2020**		December 31, 2019
Cash and cash equivalents	**$**	**651.2**	$	158.8
Current assets (including cash and cash equivalents)		**917.9**		401.6
Non-current assets		**7,504.9**		6,715.6
Total assets	**$**	**8,422.8**	$	7,117.2
Current liabilities (excluding current portion of debt)		**441.8**		352.2
Non-current liabilities (excluding long-term debt)		**1,814.9**		1,497.2
Debt (current and long-term)		**993.8**		1,047.9
Total liabilities	**$**	**3,250.5**	$	2,897.3
Equity attributable to Yamana Gold Inc. equity holders		**4,346.3**		4,185.2
Non-controlling interests		**826.0**		34.7
Total equity	**$**	**5,172.3**	$	4,219.9
Working capital (i)	**$**	**476.2**	$	(6.7)
Net debt (ii)	**$**	**565.7**	$	889.1

(i) Working capital is defined as the excess of current assets over current liabilities, which includes assets and liabilities classified as held for sale when applicable.

(ii) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures*.

Total assets were $8.4 billion as at December 31, 2020, compared to total assets of $7.1 billion as at December 31, 2019. The Company's asset base is primarily comprised of non-current assets such as property, plant and equipment and goodwill, reflecting the capital-intensive nature of the mining business and previous growth through acquisitions. Other significant assets include: inventories, indirect taxes recoverable (consisting of value added taxes in the jurisdictions in which the Company operates), advances and deposits, and cash and cash equivalents.

Total liabilities as at December 31, 2020, were $3.3 billion compared to $2.9 billion as at December 31, 2019. The Company's liability base is primarily comprised of non-current liabilities such as long-term debt, deferred tax liabilities, and decommissioning and restoration liabilities. Other significant liabilities include: trade payables, current income taxes payable, and provisions.

Cash and Working Capital

Cash and cash equivalents were $651.2 million as at December 31, 2020, compared to $158.8 million as at December 31, 2019. The Company has sufficient cash on hand, available credit and liquidity to fully manage its business. Cash balances include cash acquired on the integration of the Agua Rica project with the Minera Alumbrera plant and infrastructure in the fourth quarter of 2020, with a December 31, 2020 balance of $223.1 million. The Company had working capital of $476.2 million as at December 31, 2020, compared to a working capital deficit of $6.7 million at December 31, 2019.

Net change in working capital movement was a cash outflow of $25.9 million for the three months ended December 31, 2020. Working capital for the quarter was impacted by several items including:

- A decrease related to the build-up of finished goods inventory in relation to production exceeding sales due to the timing of scheduled pickups at mines at the end of the fourth quarter. This is expected to normalize in 2021, predominantly in the first quarter.

- A decrease related to the normalization of accounts payable balances in the fourth quarter, related to a third quarter buildup due to the timing of payable runs in relation to September 30, 2020, more than offset by an increase related to the build-up of year-end accruals.
- A decrease related to the timing of collection of indirect tax credit recoverables and payments related to prepaids and advances.
- A decrease related to partial repayments of export credit facilities.

Net change in working capital movement was a cash outflow of $70.9 million for the year ended December 31, 2020. Working capital for the year was impacted by several items including:

- A decrease related to the build-up of inventory. Production exceeded sales due to the timing of scheduled pickups at mines at the end of the fourth quarter. In addition, the Company carries more material and supplies inventory at December 31, 2020 as assurance while operating during the pandemic. The higher inventory levels resulted in a working capital build-up, of which the component related to increased product inventory is expected to normalize in 2021, predominantly in the first quarter.
- A decrease related to the timing of collection of indirect tax credit recoverables and payments related to prepaids and advances.
- A decrease representing the normalization of payables and accruals that had built up at the end of the fourth quarter of 2019 to levels above those that are considered customary, due to the timing of receipts of certain invoices.
- A decrease related to partial repayments of export credit facilities.

Debt and Net Debt[(i)]

Total debt was $993.8 million as at December 31, 2020, compared to $1,047.9 million as at December 31, 2019, and net debt[(i)] as at December 31, 2020, was $565.7 million compared to $889.1 million as at December 31, 2019. The decrease in total debt is attributable to the repayment of a series of senior notes that became due in March 2020.

Net debt[(i)] decreased by $53.4 million and $323.4 million during the fourth quarter and year ended 2020 respectively, to $565.7 million, further advancing the Company's objective of achieving a positive net cash[(i)] position, which is now well ahead of schedule. Net debt is presented excluding cash acquired on the integration of the Agua Rica project with the Minera Alumbrera plant and infrastructure in the fourth quarter of 2020, with a December 31, 2020 balance of $223.1 million. The Company has achieved its financial management objective of a leverage ratio of net debt to EBITDA[(i)] of below 1.0x when assuming a bottom-of-cycle gold price of $1,350 per ounce, underscoring the Company's significant financial flexibility and best-in-class financial position. The continued potential monetization of various non-producing assets provides 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 Company accomplished the sale of the royalty portfolio, the sale of Equinox shares in the second and third quarters of 2020, and the sale of Nomad shares in the fourth quarter of 2020, with the above objectives in mind.

For a cautionary note on non-GAAP performance measures and a reconciliation from debt to net debt[(i)], refer to *Section 12: Non-GAAP Performance Measures*.

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, 2020, the financial resources available to the Company for meeting its financial obligations include $750.0 million from its revolving credit facility.

The Company's near-term financial obligations include financial commitments of $126.6 million. The Company has no pending scheduled debt repayments.

The Company remains committed to maintaining amongst the strongest financial position in the industry and continues with its objective of achieving a positive net cash[(i)] position.

(i) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures*.

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)	**2020**	2019	**2020**	2019
Cash flows from operating activities	**$ 181.5**	$ 201.7	**$ 617.8**	$ 521.8
Cash flows from operating activities before net change in working capital (i)	**$ 207.4**	$ 176.6	**$ 688.7**	$ 590.5
Cash flows from (used in) investing activities	**$ 136.3**	$ (96.4)	**$ 51.4**	$ 432.0
Cash flows used in financing activities	**$ (141.0)**	$ (46.9)	**$ (175.9)**	$ (892.5)
Net free cash flow (i)	**$ 118.9**	$ 123.2	**$ 455.7**	$ 321.5

(i) A cautionary note regarding non-GAAP performance measures is included in *Section 12: Non-GAAP Performance Measures*.

Operating Activities

Net cash flows from operating activities before net change in working capital for the three months ended December 31, 2020 were 17% higher than the comparative quarter in 2019, primarily as a result of higher gross margins recognized as a result of increased metal prices; however, a significant increase in the cash outflow from the net change in working capital compared to the comparative quarter resulted in lower net cash flows from operating activities in the current quarter.

The increase in net cash flows from operating activities for the year ended December 31, 2020 compared to 2019 is also largely attributable to higher gross margins recognized on sales as a result of increased metal prices, which more than offset the lower sales volumes in the period.

Investing Activities

Net cash inflows from investing activities were $136.3 million in the three months to December 31, 2020 compared to net cash outflows of $96.4 million in the comparative quarter.

Net cash inflows in the current quarter included $222.5 million of cash acquired on the acquisition of Alumbrera pursuant to the Agua Rica-Alumbrera Integration Transaction, which was partially offset by capital expenditures of $95.2 million during the quarter. Net cash outflows in the comparative quarter were comprised largely of capital expenditures of $85.8 million. The increase in capital expenditures from the prior quarter was primarily attributable to work on the exploration program at Canadian Malartic, where the Company continues to advance studies related to the underground project as discussed in *Section 1: Highlights and Relevant Updates*.

For the year ended December 31, 2020, net cash inflows from investing activities were $51.4 million compared to net cash inflows of $432.0 million in 2019.

Net cash inflows in the current year included the cash acquired on the acquisition of Alumbrera as discussed above, proceeds from the sale of certain assets, including $102.4 million received on the sale of Equinox Gold shares held by the Company and $10.0 million, being the cash component of the consideration receivable on the sale of the royalty portfolio assets partially offset by capital expenditures of $273.7 million, Net cash inflows in the comparative period were primarily derived from $800.0 million in cash proceeds received on the sale of the Chapada mine, partially offset by capital expenditures of $331.7 million. The decrease in capital expenditures was largely attributable to the absence of the Chapada mine in the current year,

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

Financing Activities

In the three months ended December 31, 2020, cash outflows used in financing activities included the repayment of the final $100.0 million of the $200.0 million draw down on the Company's revolving credit facility during the first quarter, as discussed above, as well as interest payments on long-term debt of $21.3 million (2019: $22.8 million) and dividend payments of $16.6 million (2019: $9.4 million). The decrease in interest payments was attributable to a decrease in interest expense in 2020, given the $56.2 million of senior notes repaid in the first quarter. The increase in dividend payments resulted from the increase in the dividends declared compared to the comparative period.

In the year ended December 31, 2020, net cash flows used in financing activities included the drawdown and subsequent repayment of $200.0 million on the revolving credit facility and the repayment of $56.2 million of senior notes that became due in March 2020. Net cash flows used in financing activities in 2019 included the retirement of $800.0 million in debt in the third quarter in connection with the sale of the Chapada mine. Other financing activities in the current year included interest payments of $54.9 million (2019: $84.4 million), dividend payments of $53.0 million (2019: $23.7 million) and cash inflows of $7.4 million, being net proceeds from the issuance of flow-through shares during the third quarter. The increase in dividend payments resulted from the increase in the dividends declared compared to the comparative period as noted in *Section 1: Highlights and Relevant Updates*. Also included in financing activities for the year ended December 31, 2020

Net Free Cash Flow

The Company generated net free cash flow of $118.9 million in the fourth quarter of 2020, comparable to the net free cash flow of $123.2 million in the fourth quarter of 2019.

The Company generated net free cash flow of $455.7 million in the year ended December 31, 2020, representing a 41.7% increase compared to net free cash flow of $321.5 million in the same period of 2019. The change is driven largely by strong gross margins due to favorable metal price increases with stable costs across the operations, despite the challenges encountered during the period as a result of COVID-19, as well as lower interest and other finance expenses paid in connection with lower debt levels.

For a cautionary note on non-GAAP performance measures and a reconciliation from cash flows from operating activities to net free cash flow, refer to *Section 12: Non-GAAP Performance Measures*.

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, 2020**	December 31, 2019
Shareholders' equity	**$ 5,172.3**	$ 4,219.9
Debt	**993.8**	1,047.9
	6,166.1	5,267.8
Less: Cash and cash equivalents	**(651.2)**	(158.8)
	$ 5,514.9	$ 5,109.0

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, 2020, 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 (i)
Debt					
Repayment of principal	$ —	$ 431.5	$ 287.4	$ 282.9	$ 1,001.8
Interest	50.3	78.2	33.2	25.6	187.3
Capital and other financial commitments	45.2	32.7	6.2	—	84.1
Environmental rehabilitation provisions	31.1	53.5	27.8	414.7	527.1
Total contractual obligations and commitments	**$ 126.6**	**$ 595.9**	**$ 354.6**	**$ 723.2**	**$ 1,800.3**

(i) Additionally, as at December 31, 2020, the Company had outstanding letters of credit totalling $66.4 million (C$84.6 million) representing guarantees for reclamation obligations and road construction relating to the Company's share of mining interest in Canadian Malartic, $20.1 million and $13.7 million representing reclamation guarantees related to the Company's Chilean mines and US properties respectively, $21.1 million representing security guarantees in Brazil and $2.0 million representing guarantees for fuel supply at Cerro Moro. The Company's MARA Project also had outstanding bank guarantees for reclamation obligations totalling $55.6 million, for which an equivalent amount of cash collateral had been posted.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares at no par value and a maximum of eight million first preference shares. There are no first preference shares issued or outstanding. The table below summarizes the Company's common shares and securities convertible into common shares as at the following dates:

As at, (thousands of units)	February 5, 2020	December 31, 2020
Common shares issued and outstanding	**964,261**	**952,621**
Share options outstanding	**256**	**256**
Restricted share units	**3,123**	**2,494**

9. ECONOMIC TRENDS, BUSINESS RISKS AND UNCERTAINTIES

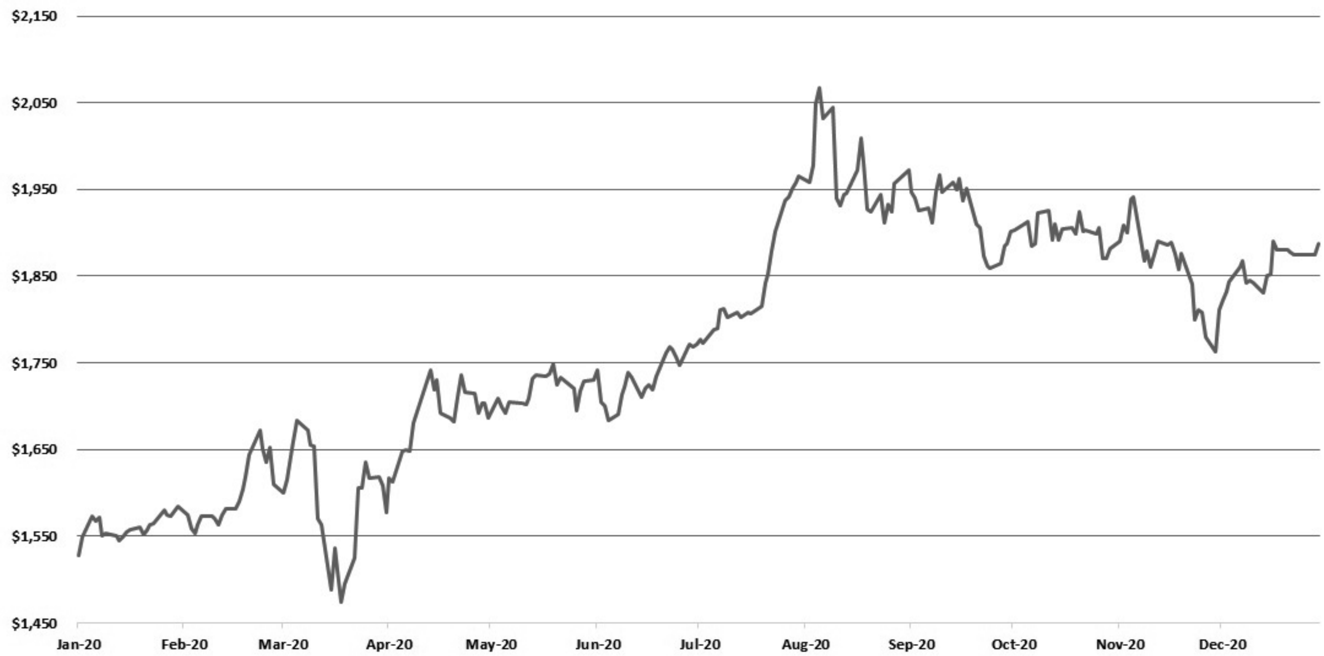
Exploration, development and mining of precious metals involve numerous risks as a result of the inherent nature of the business, global economic trends, and the influences of local social, political, environmental and economic conditions in the various geographical areas of operation. As such, the Company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

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 and related uncertainties as described in the Company's latest available 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. There were no significant changes to those risks or to the Company's management of exposure during the three months ended December 31, 2020, except as noted below:

METAL PRICE RISK

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

The following chart summarizes one-year movements in the US Dollar price of gold (source: LBMA PM gold price):



Gold Price - Market Update

For the quarter ended December 31, 2020, spot gold prices averaged $1,874 per ounce, representing an increase of 27% compared to $1,481 per ounce in the fourth quarter of 2019. Prices ranged between $1,763 and $1,941 per ounce during the fourth quarter of 2020. As at December 31, 2020, the closing price was $1,888 per ounce.

Gold prices moved higher at the beginning of the fourth quarter of 2020, before falling precipitously in November with news surrounding the COVID-19 vaccine. Prices recovered to end the quarter relatively unchanged. Loose monetary policies combined with many governments facing challenging fiscal situations and elevated levels of debt, along with rising inflation expectations, should be supportive of gold over the longer term. In the short-term, gold prices are likely be driven by the US Dollar and real yields, global monetary policy and fiscal stimulus, and financial market volatility.

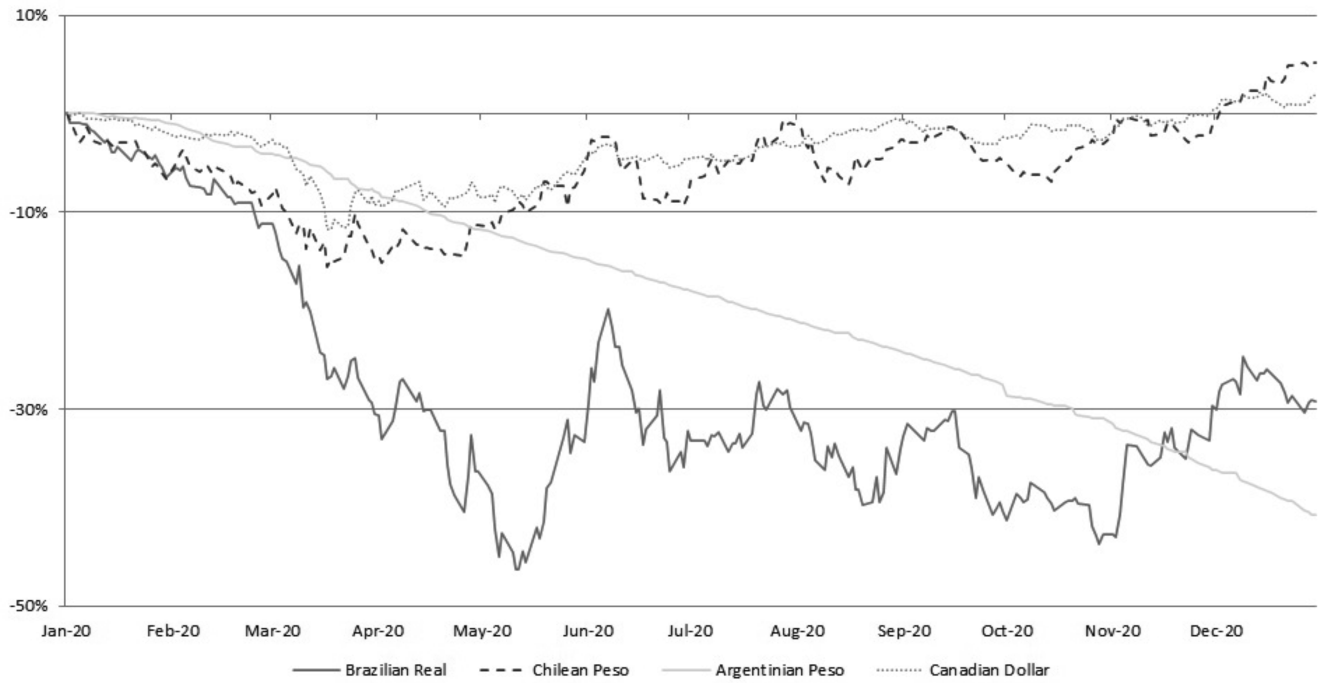
Central banks continue to be net buyers in 2020. Turkey, India and Russia are notable buyers. Global ETF holdings saw a rise in total ounces held in the fourth quarter of 2020, reaching an all-time high.

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 chart summarizes one-year movements 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, while the Canadian Dollar strengthened, during the three months ended December 31, 2020, compared to the same quarter of 2019. In the short term, these currencies will continue to be impacted by specific regional events and COVID-19 economic impacts. As a flight to safety, the performance of the US Dollar will be driven by economic and financial market shocks.

	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,*	
	2020	2019	**% (i)**	**2020**	2019	**% (i)**	**2020**	2019	**% (i)**
USD-CAD	**1.3030**	1.3200	-1.3 %	**1.3412**	1.3269	1.1 %	**1.2732**	1.2988	-2.0 %
USD-BRL	**5.3964**	4.1173	31.1 %	**5.1558**	3.9451	30.7 %	**5.1967**	4.0307	28.9 %
USD-ARG	**80.081**	59.387	34.8 %	**70.6514**	48.2446	46.4 %	**84.150**	59.890	40.5 %
USD-CLP	**761.96**	755.98	0.8 %	**792.17**	703.25	12.6 %	**710.95**	748.74	-5.0 %

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

As at December 31, 2020, 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 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, 2020, the Company had forward contracts as follows:

	Average forward price (i)	**Total (ii)**
Brazilian Real to USD		
January 2021 to June 2021	**R$4.07**	**R$ 93.0 million**

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

In January 2021, the Company entered into the following additional derivative contracts to hedge against the risk of increases in the value of foreign currencies in several jurisdictions:

- **Canadian Dollar to USD:** Forward contracts with monthly notional maturities of C$20.0 million from February to December 2021, at an average forward price of C$1.2703 (total notional of C$220.0 million);
- **Chilean Peso to USD:** Forward contracts with monthly notional maturities of CLP$9.3 billion from February to December 2021, at an average forward price of CLP$736.80 (total notional of CLP$102.3 billion);
- **Brazilian Real to USD:** Zero-cost collars with monthly notional maturities of R$16.0 million from July 2021 to December 2022 with an average call strike price of R$5.25 and an average put strike price of R$5.71 (total notional of R$288.0 million), and forward contracts with monthly notional maturities of R$16.0 million from July 2021 to December 2022 at an average forward price of R$5.4925 (total notional of R$288.0 million).

INFECTIOUS DISEASE RISK

Emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases, including the COVID-19 outbreak, could have a material adverse effect on the Company by causing operational and supply chain delays and disruptions (including as a result of government regulation and prevention measures), labour shortages and shutdowns, social unrest, breach of material contracts and customer agreements, government or regulatory actions or inactions, increased insurance premiums, decreased demand or the inability to sell and deliver precious metals, declines in the price of precious metals, delays in permitting or approvals, governmental disruptions, capital markets volatility, or other unknown but potentially significant impacts. In addition, governments may impose strict emergencies measures in response to the threat or existence of an infectious disease. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including precious metals) and has raised the prospect of a global recession. The international response to COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in global consumer activity. The estimates of management are considered reasonable at this time, however, the full impact of the effects these conditions on mining operations or financial results may vary significantly due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of the travel restrictions and business closures that have been or may be imposed by the governments of impacted countries. In addition, a significant outbreak of contagious diseases in the human population, such as COVID-19, could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could result in a material adverse effect on commodity prices, demand for metals, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business and the market price of the Company's common shares. Accordingly, any outbreak or threat of an outbreak of an epidemic disease or similar public health emergency, including COVID-19, could have a material adverse effect on the Company's business, financial condition and results of operations. It is unknown whether and how the Company may be affected if a pandemic, such as the COVID-19 outbreak, persists for an extended period of time.

10. CONTINGENCIES

The Company 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 favourably, it may have a material adverse impact on the Company's financial condition, cash flow and results of operations.

11. 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 are described in *Note 3* to the Company's consolidated financial statements for the year ended December 31, 2020.

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 uncertainty in the application of accounting policies during the year ended December 31, 2020 are disclosed in *Note 4* to the Company's consolidated financial statements for the year ended December 31, 2020.

12. NON-GAAP PERFORMANCE MEASURES

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

- *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.*

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.

The following tables provide detailed reconciliations from costs of sales to cash costs and AISC, for the years ended December 31, 2020, and December 31, 2019.

Reconciliation of Cost of Sales to Cash Costs and AISC

Cash Cost & AISC Reconciliation - Total	*For the three months ended December 31, 2020*			*For the three months ended December 31, 2019*		
(In millions of US Dollars except GEO sold and per GEO sold amounts)	**Total**	**Total GEO**	**Non-Sustaining**	Total	Total GEO	Other Mines & Non-Sustaining
Cost of sales excluding DDA (i)	**$ 166.8**	**$ 166.8**	**$ —**	$ 169.4	$ 169.1	$ 0.3
DDA (i)	**112.5**	**112.5**	**—**	119.0	119.0	—
Total cost of sales	**$ 279.3**	**$ 279.3**	**$ —**	$ 288.4	$ 288.0	$ 0.3
DDA	**(112.5)**	**(112.5)**	**—**	(119.0)	(119.0)	—
Total cash costs	**$ 166.8**	**$ 166.8**	**$ —**	$ 169.5	$ 169.1	$ 0.3
AISC adjustments:						
General and administrative expenses	**23.4**	**23.4**	**—**	19.3	19.3	—
Community costs in other operating expenses	**1.9**	**1.9**	**—**	0.9	0.9	—
Reclamation & remediation - accretion & amortization	**5.8**	**5.8**	**—**	5.3	5.3	—
Exploration capital expenditures	**21.0**	**11.8**	**9.2**	13.9	11.7	2.2
Exploration and evaluation expenses	**6.0**	**3.5**	**2.5**	3.3	1.9	1.4
Sustaining capital expenditures	**47.8**	**47.8**	**—**	46.6	46.6	—
Leases (IFRS 16 Adjustment)	**4.8**	**4.8**	**—**	6.1	6.1	—
Total AISC		**$ 265.7**			$ 260.8	
GEO sold (ii)(iii)		**246,955**			257,904	
Cost of sales excl. DDA per GEO sold		**$ 675**			$ 656	
DDA per GEO sold		**$ 455**			$ 461	
Total cost of sales per GEO sold		**$ 1,131**			$ 1,117	
Cash costs per GEO sold		**$ 675**			$ 656	
AISC per GEO sold		**$ 1,076**			$ 1,011	

Cash Cost & AISC Reconciliation - Total	*For the year ended December 31, 2020*			*For the year ended December 31, 2019*		
(In millions of US Dollars except GEO and per GEO amounts)	**Total**	**Total GEO**	**Non-sustaining**	Total	Total GEO	Other Mines & Non-Sustaining
Cost of sales excluding DDA (i)	**$ 614.1**	**$ 614.1**	**$ —**	$ 782.8	$ 671.7	$ 111.1
DDA (i)	**395.0**	**395.0**	**—**	471.7	459.7	12.0
Total cost of sales	**$ 1,009.1**	**$ 1,009.1**	**$ —**	$ 1,254.4	$ 1,131.4	$ 123.1
DDA	**(395.0)**	**(395.0)**	**—**	(471.7)	(459.7)	(12.0)
Treatment and refining charges	**—**	**—**	**—**	0.7	0.7	—
Total cash costs	**$ 614.1**	**$ 614.1**	**$ —**	$ 783.5	$ 672.4	$ 111.1
AISC adjustments:						
General and administrative expenses	**85.9**	**85.9**	**—**	79.4	72.0	7.4
Community costs in other operating expenses	**6.4**	**6.4**	**—**	5.2	5.2	—
Reclamation & remediation - accretion & amortization	**20.1**	**20.1**	**—**	25.6	22.6	3.0
Exploration capital expenditures	**57.6**	**41.2**	**16.4**	60.4	50.8	9.6
Exploration and evaluation expenses	**15.1**	**9.6**	**5.5**	10.3	5.1	5.2
Sustaining capital expenditures	**149.3**	**149.3**	**—**	166.7	141.5	25.2
Leases (IFRS 16 Adjustment)	**20.3**	**20.3**	**—**	21.1	19.9	1.2
Total AISC		**$ 946.8**			$ 989.5	
Commercial GEO (ii)(iii)		**876,520**			990,005	
Cost of sales excl. DDA per GEO sold		**$ 701**			$ 678	
DDA per GEO sold		**$ 451**			$ 464	
Total cost of sales per GEO sold		**$ 1,151**			$ 1,143	
Cash costs per GEO sold		**$ 701**			$ 679	
AISC per GEO sold		**$ 1,080**			$ 999	

Cash Cost & AISC Reconciliation - Operating Segments *For the three months ended December 31, 2020*

(In millions of US Dollars except GEO sold and per GEO sold amounts)	Total	Malartic GEO	Jacobina GEO	Cerro Moro GEO	El Peñón GEO	Minera Florida GEO	Corporate & Non-Sustaining
Cost of sales excluding DDA (i)	$ 166.8	$ 53.4	$ 25.2	$ 33.8	$ 36.0	$ 18.2	$ —
DDA (i)	112.5	41.5	13.6	25.4	16.9	12.5	2.6
Total cost of sales	$ 279.3	$ 95.0	$ 38.8	$ 59.2	$ 52.9	$ 30.7	$ 2.6
DDA	(112.5)	(41.5)	(13.6)	(25.4)	(16.9)	(12.5)	(2.6)
Treatment and refining charges	—	—	—	—	—	—	—
Total cash costs	$ 166.8	$ 53.4	$ 25.2	$ 33.8	$ 36.0	$ 18.2	$ —
AISC adjustments:							
General and administrative expenses	23.4	1.0	0.2	0.3	0.3	0.2	21.4
Community costs in other operating expenses	1.9	0.1	0.1	1.6	—	—	0.1
Reclamation & remediation - accretion & amortization	5.8	2.4	0.5	0.7	0.6	1.0	0.6
Exploration capital expenditures	21.0	—	2.0	3.5	4.7	1.8	9.0
Exploration and evaluation expenses	6.0	0.1	0.1	—	—	—	6.0
Sustaining capital expenditures	47.8	18.6	5.4	9.0	9.9	4.4	0.5
Leases (IFRS 16 Adjustment)	4.8	0.2	1.0	1.3	1.5	0.4	0.4
Total AISC		$ 75.7	$ 34.5	$ 50.2	$ 53.0	$ 26.1	
GEO sold (ii)		84,348	42,789	44,101	51,738	23,979	
Cost of sales excl. DDA per GEO sold		$ 634	$ 590	$ 768	$ 696	$ 760	
DDA per GEO sold		$ 493	$ 317	$ 576	$ 327	$ 519	
Total cost of sales per GEO sold		$ 1,126	$ 907	$ 1,343	$ 1,023	$ 1,279	
Cash costs per GEO sold		$ 634	$ 590	$ 768	$ 696	$ 760	
AISC per GEO sold		$ 898	$ 807	$ 1,139	$ 1,025	$ 1,087	

Cash Cost & AISC Reconciliation - Operating Segments *For the three months ended December 31, 2019*

(In millions of US Dollars except GEO sold and per GEO sold amounts)	Total	Malartic GEO	Jacobina GEO	Cerro Moro GEO	El Peñón GEO	Minera Florida GEO	Corporate & Other Mines & Non-Sustaining
Cost of sales excluding DDA (i)	$ 169.4	$ 53.1	$ 23.4	$ 37.0	$ 35.7	$ 19.8	$ 0.4
DDA (i)	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	$ 2.4
DDA	(119.0)	(34.9)	(12.0)	(29.5)	(31.8)	(8.8)	(2.0)
Treatment and refining charges	—	—	—	—	—	—	—
Total cash costs	$ 169.4	$ 53.1	$ 23.4	$ 37.0	$ 35.7	$ 19.8	$ 0.4
AISC adjustments:							
General and administrative expenses	19.3	0.9	0.3	0.4	0.4	0.3	17.0
Community costs in other operating expenses	0.9	0.1	—	0.8	—	—	—
Reclamation & remediation - accretion & amortization	5.3	2.3	0.7	0.9	0.3	1.2	(0.1)
Exploration capital expenditures	13.9	0.1	2.7	3.8	2.8	2.3	2.2
Exploration and evaluation expenses	3.3	—	0.1	—	—	—	3.2
Sustaining capital expenditures	46.6	13.5	8.2	11.9	7.6	3.7	1.7
Leases (IFRS 16 Adjustment)	6.1	0.1	1.2	1.3	2.4	0.5	0.6
Total AISC		$ 70.1	$ 36.6	$ 56.0	$ 49.2	$ 27.8	
GEO sold (ii)(iii)		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 costs per GEO sold		$ 627	$ 529	$ 811	$ 562	$ 1,005	
AISC per GEO sold		$ 828	$ 827	$ 1,228	$ 775	$ 1,411	

Cash Cost & AISC Reconciliation - Operating Segments ***For the year ended December 31, 2020***

(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**	**Corporate & Non-Sustaining**
Cost of sales excluding DDA (i)	**$ 614.1**	**$ 185.4**	**$ 95.5**	**$ 115.8**	**$ 141.8**	**$ 75.6**	**$ —**
DDA (i)	**395.0**	**133.4**	**52.6**	**86.1**	**69.6**	**44.2**	**9.1**
Total cost of sales	**$ 1,009.1**	**$ 318.8**	**$ 148.1**	**$ 201.8**	**$ 211.4**	**$ 119.8**	**$ 9.1**
DDA	**(395.0)**	**(133.4)**	**(52.6)**	**(86.1)**	**(69.6)**	**(44.2)**	**(9.1)**
Treatment and refining charges	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total cash costs	**$ 614.1**	**$ 185.4**	**$ 95.5**	**$ 115.8**	**$ 141.8**	**$ 75.6**	**$ —**
AISC adjustments:							
General and administrative expenses	**85.9**	**2.5**	**0.7**	**0.5**	**0.5**	**0.4**	**81.3**
Community costs in other operating expenses	**6.4**	**0.3**	**0.7**	**4.6**	**—**	**—**	**0.8**
Reclamation & remediation - accretion & amortization	**20.1**	**8.2**	**2.2**	**2.8**	**2.2**	**3.6**	**1.1**
Exploration capital expenditures	**57.6**	**—**	**6.0**	**12.6**	**15.9**	**7.0**	**16.1**
Exploration and evaluation expenses	**15.1**	**0.1**	**0.1**	**—**	**—**	**—**	**14.9**
Sustaining capital expenditures	**149.3**	**52.5**	**21.6**	**29.5**	**31.4**	**12.6**	**1.7**
Leases (IFRS 16 Adjustment)	**20.3**	**0.7**	**4.1**	**5.0**	**7.0**	**1.8**	**1.7**
Total AISC		**$ 249.7**	**$ 130.9**	**$ 170.7**	**$ 198.8**	**$ 101.1**	
Commercial GEO (ii)		**264,198**	**175,561**	**133,358**	**215,667**	**87,735**	
Cost of sales excl. DDA per GEO sold		**$ 702**	**$ 544**	**$ 868**	**$ 657**	**$ 862**	
DDA per GEO sold		**$ 505**	**$ 300**	**$ 645**	**$ 323**	**$ 503**	
Total cost of sales per GEO sold		**$ 1,207**	**$ 844**	**$ 1,513**	**$ 980**	**$ 1,366**	
Cash costs per GEO sold		**$ 702**	**$ 544**	**$ 868**	**$ 657**	**$ 862**	
AISC per GEO sold		**$ 945**	**$ 746**	**$ 1,280**	**$ 922**	**$ 1,152**	

Cash Cost & AISC Reconciliation - Operating Segments *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	Corporate & Other Mines & Non-Sustaining
Cost of sales excluding DDA (i)	$ 782.8	$ 198.9	$ 94.9	$ 153.8	$ 153.4	$ 70.6	$ 111.2
DDA (i)	471.7	135.4	56.7	121.7	102.0	35.7	20.2
Total cost of sales	$ 1,254.4	$ 334.4	$ 151.6	$ 275.5	$ 255.4	$ 106.3	$ 131.4
DDA	(471.7)	(135.4)	(56.7)	(121.7)	(102.0)	(35.7)	(20.2)
Treatment and refining charges	13.0	—	—	0.7	—	—	12.3
Total cash costs	$ 795.8	$ 198.9	$ 94.9	$ 154.4	$ 153.4	$ 70.6	$ 123.5
AISC adjustments:							
General and administrative expenses	79.4	3.5	1.1	0.6	0.7	0.5	73.0
Community costs in other operating expenses	5.2	0.3	0.2	4.2	—	—	0.5
Reclamation & remediation - accretion & amortization	25.6	9.0	3.4	3.5	2.1	4.6	3.0
Exploration capital expenditures	60.4	0.8	6.3	16.2	18.1	9.5	9.5
Exploration and evaluation expenses	10.3	0.2	0.2	—	—	—	9.9
Sustaining capital expenditures	166.7	45.1	24.5	23.5	30.8	13.1	29.7
Leases (IFRS 16 Adjustment)	21.1	0.5	4.7	4.2	6.8	2.3	2.6
Total AISC		$ 258.6	$ 135.3	$ 206.6	$ 211.9	$ 100.6	
Commercial GEO (ii)(iii)		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 costs per GEO sold		$ 601	$ 593	$ 725	$ 726	$ 945	
AISC per GEO sold		$ 782	$ 845	$ 969	$ 1,003	$ 1,346	

(i) 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 include Chapada for the comparative period.

(ii) GEO assumes gold ounces plus the gold equivalent of silver ounces using a ratio of 76.82 and 88.86 for the three months and year ended December 31, 2020, respectively, and 85.54 and 86.02 for the three months and year ended December 31, 2019, respectively.

(iii) Comparative period GEO and gold figures exclude contributions from the Chapada mine, which was divested in July 2019. Sales figures for the three months and year ended December 31, 2019 exclude (161) and 49,578 ounces, respectively, net of quantity adjustments.

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. Cash related to the MARA Project is added back to the net debt calculation on the basis that the cash is specific to the MARA Project, and not available to the Company for the purposes of debt reduction.

When the cash and cash equivalent balance exceeds the total debt, the Company is in a "net cash" position. A reconciliation of net debt is provided below:

As at, (In millions of US Dollars)	**December 31, 2020**	December 31, 2019
Debt		
Non-current portion	**$ 993.8**	$ 991.7
Current portion	**—**	56.2
Total debt	**$ 993.8**	$ 1,047.9
Less: Cash and cash equivalents	**(651.2)**	(158.8)
Add: Cash related to MARA	**223.1**	—
Net debt	**$ 565.7**	$ 889.1

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 and other cash flows not related to current period production, less non-discretionary items such as sustaining capital expenditures, interest paid, payment of lease liabilities, and cash used in other financing activities.

	For the three months ended December 31,		*For the year ended December 31,*	
(In millions of US Dollars)	**2020**	2019	**2020**	2019
Cash flows from operating activities	**$ 181.5**	$ 201.7	**$ 617.8**	$ 521.8
Adjustments to operating cash flows:				
Amortization of deferred revenue (i)	**3.8**	4.2	**16.1**	79.4
Temporary suspension and standby costs	**2.2**	—	**18.4**	—
Other incremental COVID-19 costs	**7.0**	—	**22.1**	—
Legal contingencies included in other cash payments	**—**	—	**8.0**	8.3
Non-discretionary items related to the current period				
Sustaining capital expenditures	**(47.8)**	(46.6)	**(149.2)**	(166.7)
Interest paid	**(21.3)**	(22.8)	**(54.9)**	(84.4)
Payment of lease liabilities	**(4.2)**	(4.8)	**(17.1)**	(16.8)
Cash used in other financing activities	**(2.3)**	(8.5)	**(5.5)**	(20.1)
Net free cash flow	**$ 118.9**	$ 123.2	**$ 455.7**	$ 321.5

(i) Adjustments represent 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. Amounts are derived from the Consolidated Statements of Cash Flows and further details on current deferred revenue balances can be found in Note *27: Other Provisions and Liabilities* to the Company's Consolidated Financial Statements.

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,	**2020**					2019				
	Quantity sold			**Revenue per ounce/pound**	**Revenue** *(In millions of US Dollars)*	Quantity sold			Revenue per ounce/pound	Revenue *(In millions of US Dollars)*
Gold (i)	**213,439**	**oz**	**$**	**1,875**	**$ 400.2**	223,433	oz	$	1,486	$ 332.0
Silver	**2,563,166**	**oz**	**$**	**24.02**	**61.6**	2,935,673	oz	$	17.55	51.5
Copper (i)	**—**	**lbs**	**$**	**—**	**—**	182,567	lbs	$	1.88	0.3
Revenue					**$ 461.8**					$ 383.8

For the three months ended December 31,	**2020**					2019				
	Quantity sold			**Average Realized Price**	**Revenue** *(In millions of US Dollars)*	Quantity sold			Average Realized Price	Revenue *(In millions of US Dollars)*
Gold (i)	**213,439**	**oz**	**$**	**1,875**	**$ 400.2**	223,433	oz	$	1,484	$ 331.5
Silver	**2,294,546**	**oz**	**$**	**24.32**	**55.8**	2,635,673	oz	$	17.39	45.8
Silver subject to metal sales agreement (ii)	**268,620**	**oz**	**$**	**21.44**	**5.8**	300,000	oz	$	18.52	5.6
	2,563,166	**oz**	**$**	**24.02**		2,935,673	oz	$	17.50	
Copper (i)	**—**	**lbs**	**$**	**—**	**—**	16,085	lbs	$	2.70	0.0
Copper subject to metal sales agreements (ii)	**—**	**lbs**	**$**	**—**	**—**	166,482	lbs	$	2.06	0.3
	—	**lbs**	**$**	**—**		182,567	lbs	$	2.11	
Gross revenue					**$ 461.8**					$ 383.2
(Deduct) add:										
Metal price, MTM, and derivative settlement adjustments					**—**					0.6
Revenue					**$ 461.8**					$ 383.8

(i) Includes payable gold and copper contained in concentrate from the Chapada mine in the comparative period.
(ii) Balances represent the metals sold under the metal sales agreements.

For the year ended December 31,	**2020**					**2019**				
	Quantity sold			**Revenue per ounce/pound**	**Revenue** *(In millions of US Dollars)*	Quantity sold			Revenue per ounce/pound	Revenue *(In millions of US Dollars)*
Gold (i)	**754,970**	**oz**	**$**	**1,777**	**$ 1,341.8**	911,708	oz	$	1,392	$ 1,268.7
Silver	**10,382,086**	**oz**	**$**	**21.11**	**219.2**	11,009,552	oz	$	16.39	180.6
Copper (i)	**—**	**lbs**	**$**	**—**	**—**	59,887,778	lbs	$	2.72	162.9
Revenue					**$ 1,561.0**					$ 1,612.2

For the year ended December 31,	**2020**					**2019**				
	Quantity sold			**Average Realized Price**	**Revenue** *(In millions of US Dollars)*	Quantity sold			Average Realized Price	Revenue *(In millions of US Dollars)*
Gold (i)	**754,970**	**oz**	**$**	**1,777**	**$ 1,341.8**	911,708	oz	$	1,387	$ 1264.6
Silver	**9,380,951**	**oz**	**$**	**21.04**	**197.4**	10,165,352	oz	$	16.11	163.8
Silver subject to metal sales agreement (ii)	**1,001,135**	**oz**	**$**	**19.91**	**19.9**	844,200	oz	$	18.05	15.2
	10,382,086	**oz**	**$**	**20.93**		11,009,552	oz	$	16.26	
Copper (i)	**—**	**lbs**	**$**	**—**	**—**	37,157,312	lbs	$	2.83	105.1
Copper subject to metal sales agreements (ii)	**—**	**lbs**	**$**	**—**	**—**	22,730,466	lbs	$	2.91	66.2
	—	**lbs**	**$**	**—**		59,887,778	lbs	$	2.86	
Gross revenue					**$ 1,559.1**					$ 1,614.9
(Deduct) add:										
Treatment and refining charges of gold and copper concentrate					**—**					(13.0)
Metal price, MTM, and derivative settlement adjustments					**—**					10.3
Deferred revenue adjustment (iii)					**1.9**					—
Revenue					**$ 1,561.0**					$ 1,612.2

(i) Includes payable gold and copper contained in concentrate.
(ii) Balances represent the metals sold under the metal sales agreements and the advanced copper sales program.
(iii) Consideration from the Company's metal sales agreement is considered variable. Revenue can be subject to cumulative adjustments when the number of ounces to be delivered under the agreement changes. During the three months ended March 31, 2020, the Company recognized an adjustment to revenue and finance costs due to a change in the Company's reserve and resource estimates, and therefore, the number of ounces expected to be delivered under the life of the agreement.

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, depletion, depreciation and amortization, temporary suspension, standby and other incremental COVID-19 costs, and net impairment write-downs/reversals.
- **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 believes that this presentation provides useful information to investors because gross margin excluding depletion, depreciation and amortization excludes the non-cash operating cost items (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.

13. 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, 2020, 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, 2020 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, 2020.

CHANGES IN INTERNAL CONTROLS

During the year ended December 31, 2020, 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, 2020, and December 31, 2019, and results of operations for the periods ended December 31, 2020, and December 31, 2019.

This Management’s Discussion and Analysis has been prepared as of February 11, 2021. 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, 2020 (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, 2019 on file with the Securities Commissions of all of the provinces in Canada and which are included in the 2019 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 Canadian Dollar, 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, risks associated with infectious diseases, including COVID-19, 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, P. Geo 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, 2019 and other continuous disclosure documents filed by the Company since January 1, 2020 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, 2020, is based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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

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

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

February 11, 2021

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, 2020 and 2019, the related consolidated statements of operations, comprehensive earnings, cash flows and changes in equity, for each of the two years in the period ended December 31, 2020, 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, 2020 and 2019, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2020, 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, 2020, 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 11, 2021, 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 and silver), future 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 and silver), future foreign exchange rates and the discount rate considered 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, including the determination of future commodity prices (gold and silver), future foreign exchange rates and the discount rate.

- With the assistance of a fair value specialist;
  - Evaluated the future commodity prices (gold and silver) by comparing management's forecasts to third party forecasts.
  - Evaluated the reasonableness of the future foreign exchange rates by comparing our independent research of the forecasted rates to management's assumed rates.
  - Evaluated the reasonableness of the change in discount rate by testing the source information underlying the determination of the discount rate.

Impairment assessment – Canadian Malartic Cash-Generating Unit (CGU) Goodwill, Impairment Loss – Cerro Moro CGU and Impairment Loss Reversal – El Peñón CGU – Refer to Notes 4, 13, 22 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 carrying value of a CGU may be above its recoverable amount using the higher of fair value less costs of disposal and value in use. In addition, at each reporting date, the Company reviews the carrying amounts of its mining properties and plant and equipment at a CGU level to determine whether there is an indication that these assets might be impaired, or that previously recognized impairment losses may no longer exist or may have decreased. If any such indicators exist, the recoverable amount of the relevant CGU is estimated based on the higher of its fair value less costs of disposal and value in use, to determine the extent of the impairment loss or impairment loss reversal. An indicator of impairment loss was identified for the Cerro Moro CGU and an indicator of impairment loss reversal was identified for the El Peñón CGU.

While there are several inputs that are required to determine the recoverable amounts for these CGUs, the estimates and assumptions with the highest degree of subjectivity and judgment uncertainty are forecasts of future revenues (specifically future gold and silver prices and potential ounces), future foreign exchange rates and discount rate. Performing audit procedures to evaluate the reasonableness of such estimates and assumptions required a high degree of auditor judgment and 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 forecasts of future revenues (specifically future gold and silver prices and potential ounces), future foreign exchange rates and discount rate used in determining the recoverable value of the CGUs included the following, among others:

- Evaluated the effectiveness of controls over management's determination of the future commodity prices (gold and silver), in-situ value assigned to the potential ounces, future foreign exchange rates, and the discount rate.

- With the assistance of a fair value specialist;
  - Evaluated the reasonableness of the forecasts of future gold and silver prices and future foreign exchange rates by comparing management's forecasts to third party forecasts.
  - Obtained third party information surrounding in-situ values to assess the reasonableness of the value assigned to the potential ounces.
  - Evaluated the reasonableness of the discount rate by testing the source information underlying the determination of the discount rate and developed a range of independent estimates for the discount rate and compared to the discount rate selected by management.

Asset Acquisition – Alumbrera and Agua Rica Integration Transaction — Refer to Notes 4, 5, 6 and 32 of the Financial Statements

Critical Audit Matter Description

On December 17, 2020, the Company completed an Integration Transaction which resulted in Yamana acquiring control of the underlying assets of Minera Alumbrera Ltd. ("Alumbrera") to form Minera Agua Rica Alumbrera Ltd. (the "MARA Project"). The Integration Transaction was a complex, non-monetary transaction which required significant management judgment.

There are many components embedded in the Integration Transaction that resulted in management making several judgments on the accounting treatment, in particular (1) evaluating whether the Company exercised control over the MARA Project, (2) determining whether the acquisition of the Alumbrera assets and liabilities was an asset acquisition or a business combination and (3) determining the accounting for the non-monetary consideration whereby the Company had to determine the fair value of the assets acquired and liabilities assumed as the fair value of the assets in Alumbrera were more readily determinable than the assets being given up in Agua Rica. Management made significant judgments in valuing the property, plant and equipment ("PP&E") and Mineral Resources. The method to determine the fair values of the PP&E and Mineral Resources depended on the type of asset and involved management making significant estimates and assumptions. Auditing these key judgments 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 fair value specialists and professionals in our firm with expertise in business combinations and consolidation.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to management's judgments on the accounting treatment of the Integration Transaction, in particular (1) evaluating whether the Company exercised control over the MARA Project, (2) determining whether the acquisition of the Alumbrera assets and liabilities was an asset acquisition or business combination and (3) determining the accounting for the non-monetary consideration and valuation of the acquired PP&E and in-situ value assigned to the Mineral Resources included the following, among others:

- Evaluated the effectiveness of controls over management's accounting treatment, conclusions and recognition of the Alumbrera assets and liabilities and the MARA Project, including the determination of the fair values of PP&E and Mineral Resources acquired.
- With the assistance of professionals in our firm with expertise in business combinations and consolidation, evaluated management's judgment on the accounting treatment, in particular (1) evaluating whether the Company exercised control over the MARA Project, (2) determining whether the acquisition of the Alumbrera assets and liabilities was an asset acquisition, and (3) determining the accounting for the non-monetary consideration by:
    - Assessing information in the Integration Transaction agreement to understand and evaluate that all components were identified.
    - Evaluating management's assessments relating to the accounting treatment by analyzing these assessments against relevant accounting standards, including various aspects of Generally Accepted Accounting Principles, conceptual frameworks and guidance.

- With the assistance of fair value specialists;
    - Evaluated the reasonableness of the fair value of PP&E by (1) determining the reproduction or replacement cost by comparing cost estimates to industry data and published cost indices for individual assets, and (2) determining the useful life by asset class by comparing to published physical deterioration curves and economic useful life guides, to develop a range of an independent fair value estimate by PP&E asset which were compared to the fair values determined by management.
    - Obtained third party information surrounding in-situ values to assess the reasonableness of the value assigned to the Mineral Resources.

"/s/ Deloitte LLP"

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
February 11, 2021
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, 2020, 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, 2020, 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, 2020 of the Company and our report dated February 11, 2021, 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 11, 2021

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)		**2020**		2019
Revenue (Note 8)	**$**	**1,561.0**	$	1,612.2
Cost of sales excluding depletion, depreciation and amortization		**(614.1)**		(782.8)
Gross margin excluding depletion, depreciation and amortization	**$**	**946.9**	$	829.4
Depletion, depreciation and amortization		**(395.0)**		(471.7)
Temporary suspension, standby and other incremental COVID-19 costs (Note 2)		**(40.5)**		—
Reversal of impairment of mining properties, net (Note 13)		**191.0**		—
Mine operating earnings	**$**	**702.4**	$	357.7
Expenses				
General and administrative		**(85.9)**		(79.4)
Exploration and evaluation		**(15.1)**		(10.3)
Share of loss of associates (Note 24)		**(1.0)**		(16.3)
Other operating (expenses) income, net (Note 10)		**(14.6)**		222.4
Operating earnings	**$**	**585.8**	$	474.1
Finance costs (Note 12)		**(77.0)**		(144.2)
Other costs, net (Note 11)		**(18.7)**		(19.6)
Earnings before taxes	**$**	**490.1**	$	310.3
Current income tax expense (Note 14)		**(116.2)**		(95.0)
Deferred income tax (expense) recovery (Note 14)		**(170.3)**		10.3
Income tax expense, net	**$**	**(286.5)**	$	(84.7)
Net earnings	**$**	**203.6**	$	225.6
Earnings per share attributable to Yamana Gold Inc. equity holders (Note 15)				
Basic and diluted	**$**	**0.21**	$	0.24
Weighted average number of shares outstanding (in thousands) (Note 15)				
Basic		**951,818**		950,266
Diluted		**953,846**		951,924

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

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

(In millions of US Dollars)		**2020**		2019
Net earnings	**$**	**203.6**	$	225.6
Other comprehensive earnings (loss), net of taxes				
Items that may be reclassified subsequently to net earnings:				
Cash-flow hedges				
- Effective portion of changes in fair value of cash flow hedges (Note 17)		**(24.0)**		(4.3)
- Reclassification of gains recorded in earnings (Note 17)		**16.9**		9.3
- Tax Impact on fair value of hedging instruments (Note 14)		**2.0**		0.5
- Time value of options contracts excluded from hedge relationship (Note 17)		**(0.2)**		(1.3)
Investment in associate				
- Share of other comprehensive loss from investment in associate (Note 24)		**(1.6)**		(9.4)
- Reclassification of accumulated other comprehensive losses from investment in associate to net earnings upon discontinuation of the equity method (Note 6)		**11.1**		—
	$	**4.2**	$	(5.2)
Items that will not be reclassified to net earnings:				
Changes in the fair value of equity investments at FVOCI		**21.1**		(1.1)
Loss on sale of equity investments at FVOCI (Note 6)		**(7.2)**		—
Income tax relating to items that will not be reclassified subsequently to net earnings		**(1.5)**		—
Re-measurement of employee benefit plan		**(0.7)**		1.3
Total other comprehensive earnings (loss)	**$**	**15.9**	$	(5.0)
Total comprehensive earnings	**$**	**219.5**	$	220.6

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

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

(In millions of US Dollars)		**2020**		2019
Operating activities				
Earnings before taxes	**$**	**490.1**	$	310.3
Adjustments to reconcile earnings before taxes to net operating cash flows:				
Depletion, depreciation and amortization		**395.0**		471.7
Share-based payments		**31.5**		15.0
Other costs, net (Note 11)		**18.7**		19.6
Finance costs (Note 12)		**77.0**		144.2
Mark-to-market on financial instruments and metal concentrates		**(6.9)**		(4.7)
Share of loss of associates (Note 24)		**1.0**		16.3
Reversal of impairment of mining properties, net (Note 13)		**(191.0)**		—
Amortization of deferred revenue (Note 27)		**(16.1)**		(79.4)
Gain on sale of subsidiaries (Note 10)		**—**		(273.1)
Gain on discontinuation of the equity method (Note 6)		**(21.3)**		—
Other non-cash expenses, net (Note 16)		**28.7**		46.2
Environmental rehabilitation obligations paid (Note 29)		**(3.2)**		(4.3)
Other cash payments		**(15.5)**		(8.3)
Cash flows from operating activities before income taxes paid and net change in working capital		**788.0**		653.5
Income taxes paid		**(99.3)**		(63.0)
Cash flows from operating activities before net change in working capital	**$**	**688.7**	$	590.5
Net change in working capital (Note 16)		**(70.9)**		(68.7)
Cash flows from operating activities	**$**	**617.8**	$	521.8
Investing activities				
Acquisition of property, plant and equipment	**$**	**(273.7)**	$	(331.7)
Cash acquired in Agua Rica Alumbrera integration transaction (Note 6)		**222.5**		—
Net proceeds on disposal of subsidiaries and other assets (Note 6)		**137.2**		825.0
Cash used in other investing activities		**(34.6)**		(61.3)
Cash flows from investing activities	**$**	**51.4**	$	432.0
Financing activities				
Dividends paid (Note 30)	**$**	**(53.0)**	$	(23.7)
Interest paid		**(54.9)**		(84.4)
Financing costs paid on early note redemption (Note 12)		**—**		(35.0)
Repayment of revolving credit facility and notes payable (Note 28)		**(256.2)**		(952.5)
Proceeds from drawdown of revolving credit facility (Note 28)		**200.0**		240.0
Payment of lease liabilities		**(17.1)**		(16.8)
Proceeds from issuance of flow-through shares (Note 30)		**7.4**		—
Cash contributions from non-controlling interests		**3.4**		—
Cash used in other financing activities		**(5.5)**		(20.1)
Cash flows used in financing activities	**$**	**(175.9)**	$	(892.5)
Effect of foreign exchange of non-US Dollar denominated cash and cash equivalents		**(0.9)**		(1.0)
Increase in cash and cash equivalents	**$**	**492.4**	$	60.3
Cash and cash equivalents, beginning of year	**$**	**158.8**	$	98.5
Cash and cash equivalents, end of year	**$**	**651.2**	$	158.8

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)		**2020**		2019
Assets				
Current assets:				
Cash and cash equivalents (Note 16)	**$**	**651.2**	$	158.8
Trade and other receivables		**4.2**		3.4
Inventories (Note 19)		**152.1**		133.4
Other financial assets (Note 20)		**14.3**		8.5
Other assets (Note 21)		**96.1**		97.5
	$	**917.9**	$	401.6
Non-current assets:				
Property, plant and equipment (Note 22)		**6,684.8**		5,952.9
Goodwill and other intangible assets (Note 23)		**396.4**		392.2
Investments in associates (Note 24)		**34.3**		120.3
Deferred tax assets (Note 14)		**98.1**		80.8
Other financial assets (Note 20)		**88.7**		15.2
Other assets (Note 21)		**202.6**		154.2
Total assets	**$**	**8,422.8**	$	7,117.2
Liabilities				
Current liabilities:				
Trade and other payables (Note 25)	**$**	**240.4**	$	219.5
Income taxes payable		**45.0**		18.3
Other financial liabilities (Note 26)		**78.8**		131.1
Other provisions and liabilities (Note 27)		**77.6**		39.5
	$	**441.8**	$	408.4
Non-current liabilities:				
Long-term debt (Note 28)		**993.8**		991.7
Environmental rehabilitation provision (Note 29)		**363.5**		214.7
Deferred tax liabilities (Note 14)		**1,229.1**		1,041.4
Other financial liabilities (Note 26)		**109.7**		98.0
Other provisions and liabilities (Note 27)		**112.6**		143.1
Total liabilities	**$**	**3,250.5**	$	2,897.3
Equity				
Share capital (Note 30)	**$**	**7,648.9**	$	7,639.9
Contributed surplus		**22.7**		21.0
Accumulated other comprehensive (loss) income		**(6.5)**		(21.9)
Deficit		**(3,318.8)**		(3,453.8)
Attributable to Yamana Gold Inc. equity holders	**$**	**4,346.3**	$	4,185.2
Non-controlling interests (Note 32)		**826.0**		34.7
Total equity	**$**	**5,172.3**	$	4,219.9
Total liabilities and equity	**$**	**8,422.8**	$	7,117.2

Commitments and contingencies (*Notes 34 and 35*).
Subsequent events (*Notes 6 and 17*)
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 Gold Inc. equity holders	Non-controlling interests	Total equity
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**
At January 1, 2020	**$ 7,639.9**	**$ 21.0**	**$ (21.9)**	**$ (3,453.8)**	**$ 4,185.2**	**$ 34.7**	**$ 4,219.9**
Total comprehensive earnings							
Net earnings	—	—	—	203.6	**203.6**	—	**203.6**
Other comprehensive earnings	—	—	15.9	—	**15.9**	—	**15.9**
	$ —	**$ —**	**$ 15.9**	**$ 203.6**	**$ 219.5**	**$ —**	**$ 219.5**
Transactions with owners							
Issued on vesting of restricted share units (Note 30)	3.4	(3.4)	—	—	**—**	—	**—**
Vesting restricted share units	—	4.2	—	—	**4.2**	—	**4.2**
Issued on exercise of share options (Note 30)	0.9	(0.2)	—	—	**0.7**	—	**0.7**
Flow through share issuance, net of issue costs (Note 30)	5.3	—	—	—	**5.3**	—	**5.3**
Non-controlling interests arising on Agua Rica Alumbrera integration (Note 6)	—	—	—	—	**—**	787.9	**787.9**
Cash contributions from non-controlling interests	—	—	—	—	**—**	3.4	**3.4**
Share cancellations and other adjustments (Note 30)	(1.1)	1.1	—	—	**—**	—	**—**
Dividend reinvestment plan (Note 30)	0.5	—	—	—	**0.5**	—	**0.5**
Dividends (Note 30)	—	—	—	(69.1)	**(69.1)**	—	**(69.1)**
At December 31, 2020	**$ 7,648.9**	**$ 22.7**	**$ (6.5)**	**$ (3,318.8)**	**$ 4,346.3**	**$ 826.0**	**$ 5,172.3**

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

For the Years Ended December 31, 2020 and December 31, 2019
(Tabular amounts in millions of US Dollars, unless otherwise noted)

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), the New York Stock Exchange (Symbol: AUY) and the London 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.

On December 17, 2020, the Company, along with partners Glencore International AG ("Glencore") and Newmont Corporation ("Newmont"), completed the integration of the Agua Rica project with the Alumbrera plant and infrastructure, pursuant to which, Yamana relinquished a non-controlling interest in Agua Rica for an increased interest in Alumbrera. Upon completion of the integration transaction, Yamana owned 56.25%, with Glencore and Newmont owning 25.00% and 18.75%, respectively, of Minera Agua Rica Alumbrera Ltd., the legal entity that holds the integrated project - now known as the MARA project. 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, 2020.

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 11, 2021.

Impact of COVID-19 Pandemic

The Company continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting. During the year ended December 31, 2020, the Company has taken a number of measures to safeguard the health of its employees and their local communities while continuing to operate safely and responsibly. Government-ordered restrictions resulted in operations at Canadian Malartic and Cerro Moro being temporarily suspended on March 20 and March 24, 2020, respectively. Operations at these mines resumed in April 2020 and the gradual resumption towards full mining activities occurred over the second and third quarters. As a result of these temporary shutdowns, the Company experienced lower overall production volumes; however, strong commodity prices and the weakening of certain local currencies relative to the US Dollar minimized the impact on the Company’s financial results. The Company incurred $40.5 million of temporary suspension, standby and other incremental COVID-19 costs during 2020. These costs are associated with the temporary shutdowns and subsequent ramp-ups at Canadian Malartic and Cerro Moro, and the underutilization of labour and contractors in relation to the pre-COVID-19 mine plans. Other incremental costs resulting from COVID-19 across all mine sites include community support, the acquisition of additional personal protective equipment, higher transportation costs, and overtime costs resulting from lower headcount levels on site to accommodate social distancing.

As the pandemic continues to progress and evolve, it is difficult to predict the full extent and duration of resulting operational and economic impacts for the Company, which are expected to impact a number of reporting periods. This uncertainty impacts judgements made by the Company, including those relating to determining the recoverable values of the Company's non-current assets as discussed in *Note 4*.

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, 2020 were as follows:

Legal Entity	Mine/Project Location	Ownership interest	Mining properties and projects owned
Minera Meridian Ltda.	Chile	**100.00 %**	El Peñón mine
Jacobina Mineração e Comércio Ltda.	Brazil	**100.00 %**	Jacobina mine
Estelar Resources S.A. (i)	Argentina	**100.00 %**	Cerro Moro mine
Minera Florida Ltda.	Chile	**100.00 %**	Minera Florida mine
Minera Agua Rica Alumbrera Ltd.	Argentina	**56.25 %**	MARA project
Suyai del Sur S.A.U.	Argentina	**100.00 %**	Suyai project
Agua De La Falda S.A.	Chile	**57.60 %**	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 investments in associates:

Associates and joint arrangements	Location	Ownership interest	Classification and accounting method	Mining properties and projects owned
Canadian Malartic	Canada	50.00 %	Joint operation, consolidate Yamana's share	Canadian Malartic mine
Nomad Royalty Company (i)	Canada	7.75 %	Associate, equity method	Portfolio of royalty interests
Monarch Gold Corporation (i)(ii)	Canada	6.92 %	Associate, equity method	Wasamac project and other exploration properties located in Quebec

(i) Refer to *Note 6* for further details regarding the acquisition of these associates in 2020.
(ii) On January 21, 2021, Yamana completed the acquisition of all outstanding shares of Monarch Gold Corporation that the Company did not already own. Refer to *Note 6* for further details.

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 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.

The Company only had metal concentrate sales up to July 2019.

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

Identifying a Lease

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.

The Company as a Lessee

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.

(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. PSUs are recognized as share-based compensation expense within general and administrative expenses in the consolidated statement of operations ("G&A") over the vesting period, which includes the remeasurement of those PSUs that have partially vested. DSUs are recognized as share-based compensation expense within G&A on the date of grant, as these instruments vest immediately. Mark to market adjustments on DSUs subsequent to vesting are recognized as share-based compensation in other operating expenses.

(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, penalties and interest on income taxes, 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 (which may include acquired plant and equipment) 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.

(q) Flow-Through Shares

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investors pay for the shares, with a deferred flow-through premium liability recognized for the difference. The liability is reversed and a tax provision recognized upon filing of the appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures previously incurred. The spending also gives rise to a deferred tax temporary difference between the carrying value and tax value of the qualifying expenditure.

(r) Asset Acquisitions

Upon the acquisition of an asset or a group of assets and liabilities that does not constitute a business, the Company identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The cost of the group is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

When the acquisition of an asset or a group of assets and liabilities is achieved in stages, the Company's previously held interests in the acquired assets and liabilities are not remeasured to their acquisition-date fair values and instead, continue to be measured at their carrying values.

When the Company acquires a controlling, but less than 100% interest in an entity that does not constitute a business, and the transaction is therefore, accounted for as the acquisition of an asset or group of assets and liabilities, the Company consolidates the entity and recognizes a non-controlling interest for the portion of the entity it did not acquire. The Company recognizes non-controlling interests that arise in an asset acquisition either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition 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 an impairment write-down or reversal of a previous impairment on the carrying amounts of the Company's mining interests and/or an impairment write-down of goodwill.

During the year ended December 31, 2020, the Company recognized a net impairment reversal of $191.0 million in respect of the carrying amounts of certain mineral properties. No impairment losses or reversals of previous impairments were recognized during the year ended December 31, 2019. 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, 2020, the carrying amount of stripping costs capitalized and included in mining properties was $37.2 million (December 31, 2019: $54.2 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 arrangement, management has determined that based on the agreement, the counterparty assumes significant business risk and rewards associated with the timing and amount of metals being delivered. As such, the deposits received from the counterparty have been recorded as deferred revenue in the consolidated balance sheet. Additionally, the Company has determined that the transaction is not a financial liability as; based on the specific rights and obligations set out in the agreement, 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

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.

Non-monetary Exchanges

Critical Judgements in Applying Accounting Policies

In accounting for assets (or a group of assets and liabilities) that are acquired in a non-monetary exchange, the Company records the acquired assets at cost. The cost of such assets is measured at the fair value of the other consideration given to acquire the assets at the time of their acquisition, unless the exchange transaction lacks commercial substance or the fair value of neither the assets received nor the assets given up can be reliably measured. If the Company is able to measure reliably the fair value of either the assets received or the assets given up, then the fair value of the assets given up is used to measure the cost of the assets received unless the fair value of the assets received is more clearly evident.

The Integration Transaction, pursuant to which the Company relinquished a non-controlling interest in Agua Rica for an increased interest in Alumbrera, was a non-monetary exchange of assets and liabilities, with the consideration paid for the additional interest in Alumbrera being a 43.75% interest relinquished in Agua Rica. The Company determined that the fair value of both what was being given up in Agua Rica and what was being acquired (the Alumbrera assets and liabilities) could be measured reliably; however, concluded that the fair value of the Alumbrera assets and liabilities was more clearly evident. Refer to Note 6 for further details on the Integration Transaction and the valuation approach.

Asset Acquisition vs. Business Combination

Critical Judgements in Applying Accounting Policies

To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. While businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business.
The set of activities and assets acquired in the acquisition of Alumbrera included inputs such as plant and other infrastructure assets and limited mineral resources, but did not include an organized workforce. Alumbrera had no outputs at the acquisition date as mining ceased in the third quarter of 2018 at the end of the mine life. Given the absence of an organized workforce, the Company determined that no substantive processes had been acquired and therefore, Alumbrera did not meet the definition of a 'business' in IFRS, and the acquisition was accounted for as an acquisition of assets and liabilities. Refer to Note 6 for further details on the Integration Transaction.

5. RECENT ACCOUNTING PRONOUNCEMENTS

Adoption of Definition of a Business (Amendments to IFRS 3)

The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020. In particular, the amendments were applied to the Company's acquisition of Alumbrera, where the Company concluded that the acquired set of activities and assets was not a business. Refer to Note 6 for further details.

Adoption of Other Narrow Scope Amendments to IFRSs and IFRS Interpretations

The Company also adopted other amendments to IFRSs, which were effective for accounting periods beginning on or after January 1, 2020. The impact of adoption was not significant to the Company's consolidated financial statements.

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, 2020. There are currently no such pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption; however, the pronouncement below may have a significant impact in future periods.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

These amendments clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments prohibit entities from deducting amounts received from selling items produced from the cost of property, plant and equipment while the Company is preparing the asset for its intended use. Instead, sales proceeds and the cost of producing these items will be recognized in the consolidated statements of operations. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The amendments apply retrospectively, but only to assets brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

6. BUSINESS TRANSACTIONS

Agua Rica-Alumbrera Integration ("MARA Project")

On March 7, 2019, Yamana, Glencore International AG (“Glencore”) and Goldcorp Inc., now Newmont Corporation (“Newmont”) (collectively “the Parties”) entered into a definitive Integration Agreement with the purpose of seeking to integrate the Agua Rica project with the Alumbrera mine, plant and infrastructure (the “Integration Project”) through an Integration Transaction.

On December 17, 2020, the Parties announced the completion of the Integration Transaction, with the Integration Project to be known as the MARA Project. Under the MARA Project, Agua Rica will be developed and operated using the existing infrastructure and facilities from the Alumbrera mine, approximately 35 kilometres away.

The Integration Transaction resulted in Yamana relinquishing a non-controlling interest in Agua Rica for an increased interest in Alumbrera. The below sets out the ownership percentages before and after the completion of the Integration Transaction:

	Before Transaction		**After Transaction**
	Alumbrera (i)	**Agua Rica**	**MARA Project**
Yamana	12.50 %	100.00 %	**56.25 %**
Glencore	50.00 %	— %	**25.00 %**
Newmont	37.50 %	— %	**18.75 %**
	100.00 %	100.00 %	**100.00 %**

(i) Although Yamana’s investment in Alumbrera was less than 20% of the issued and outstanding shares, after consideration of other relevant factors including the proportion of seats on Alumbrera’s board assigned to Yamana, the nature of the business decisions that required unanimous consent of the directors, and Yamana’s ability to influence the operating, strategic and financing decisions concerning Alumbrera; the Company determined that it had significant influence over Alumbrera, and therefore, accounted for Alumbrera as an investment in associate using the equity method.

Upon closing of the Integration Transaction, the Company acquired an additional 43.75% interest in Alumbrera. As a result, the Company’s equity interest in Alumbrera increased from 12.5% to 56.25%. The consideration paid for the additional interest in Alumbrera was a 43.75% interest in Agua Rica, taking the Company’s interest in Agua Rica down to 56.25%. The Company determined that it controlled the MARA Project through its 56.25% voting interest, and therefore, in accounting for the Integration Transaction the Company was required to consolidate Alumbrera, and recognize the non-controlling interests in both Agua Rica and Alumbrera.

The set of activities and assets acquired in the acquisition of Alumbrera included inputs such as plant and other infrastructure assets and limited mineral resources, but did not include an organized workforce. Alumbrera had no outputs at the acquisition date as mining ceased in the third quarter of 2018 at the end of the mine life. Given the absence of an organized workforce, the Company determined that no substantive processes had been acquired and therefore, Alumbrera did not meet the definition of a ‘business’ in IFRS, and the acquisition was accounted for as an acquisition of assets and liabilities.

IFRS requires a cost-based approach to be applied in accounting for an asset acquisition. The Integration Transaction was a non-monetary exchange of assets, with the consideration paid for the additional interest in Alumbrera being a 43.75% interest relinquished in Agua Rica. The acquisition cost was measured based on the fair value of the Alumbrera assets and liabilities as it was determined that the fair value of these assets and liabilities was more clearly evident than the fair value of the interest being given up in Agua Rica. The net fair value of the Alumbrera assets acquired and liabilities assumed was estimated to be $787.9 million. (The net fair value of Alumbrera on a 100% basis was estimated to be $900.5 million).

Prior to the Integration Transaction, Yamana's existing 12.5% interest in Alumbrera was carried at nil due to previous impairment write downs largely associated with the Alumbrera mine coming to the end of its life. The Company assessed whether the potential Integration Transaction was an indicator of impairment reversal for the equity accounted investment given the integration of the Alumbrera assets with the Agua Rica assets would have a favourable effect on and increase the estimated service potential of the underlying Alumbrera assets. However, the Company concluded that there was no indicator of impairment reversal as there was no certainty that the value of Alumbrera had changed until the Integration Transaction was completed, at which point in time the equity investment in Alumbrera, which had been historically impaired, was derecognized.

In accounting for the Company's existing 12.5% interest in the Integration Transaction, the interest was accounted for at its carrying amount of nil (and not remeasured to fair value) in line with the Company's accounting policy whereby existing interests are not remeasured when accounting for an asset acquisition.

The Company recognizes non-controlling interests that arise in an asset acquisition either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in the MARA Project, the Company elected to recognize the non-controlling interests at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets..

The net book value of Agua Rica immediately before the Integration Transaction was $889.3 million.

Upon completion of the Integration Transaction, the book value of the MARA Project was $1,677.2 million, of which $889.3 million was attributable to Yamana, and $787.9 million attributable to the non-controlling interests.

The Company acquired cash and cash equivalents of $222.5 million in the acquisition of Alumbrera.

Fair Value Measurement

The Company obtained independent valuations for the property, plant and equipment and mineral resources of Alumbrera, and management's assessment of fair value of such assets took into account the independent valuations obtained. Different approaches were used in valuing the different asset groups. Where the fair value of an asset was able to be determined by reference to market-based evidence, such as sales of comparable assets, the fair value was determined using this information. Where fair value of the asset was not able to be reliably determined using market-based evidence, discounted cash flows or optimized depreciated replacement cost was used to determine fair value.

The valuation techniques used for measuring the fair value of the material non-cash assets acquired were as follows.

Assets acquired		Fair value at December 17, 2020 (100%)	Fair value measurement category	Valuation technique
Property, plant and equipment	$	696.7	Level 3	Cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Mineral resources	$	72.0	Level 3	Market comparison technique: The valuation model considers observed transaction multiples using transactions of majority interests in development stage copper projects in North and South America over the past 10 years. In arriving at a selected multiple, appropriate adjustments were made to take into account the availability of existing infrastructure relative to comparable transactions, while being cognizant of the initial capital costs that will still need to be incurred.
Environmental rehabilitation provision	$	(85.7)	Level 3	Present-value technique using the entity's own data about the future cash outflows to be paid to fulfil the obligation and other inputs including the credit adjusted risk-free interest rate.

The Company believes the methodologies and estimates used to determine fair value are similar to what a market participant would use in similar circumstances.

Leagold Mining Corporation and Equinox Gold Corp. merger, and subsequent sale of Equinox Units

On May 24, 2018, Yamana completed the disposal of its 53.6% controlling interest in Brio Gold to Leagold Mining Corporation ("Leagold"). Pursuant to the terms of the sale, the Company received 20.5% of Leagold's issued and outstanding shares. The Company concluded that it had significant influence over Leagold, and therefore, the investment in Leagold was accounted for as an investment in an associate using the equity method.

On December 16, 2019, Leagold and Equinox Gold Corp. ("Equinox") jointly announced that the companies had entered into a definitive agreement to combine in an at-market merger. On March 10, 2020, the companies announced that the merger had been completed. The combined company continues as Equinox Gold under the ticker symbol "EQX" on both the Toronto Stock Exchange and the New York Stock Exchange.

Pursuant to the transaction, Leagold shareholders received 0.331 of an Equinox share for each Leagold share held. This resulted in Yamana owning approximately 9% of the combined company at the date of the completion of the merger.

Yamana concluded that, as a result of its reduced shareholding, it no longer had significant influence in the investee, and therefore, discontinued accounting for the investment using the equity method from the date of the completion of the merger. Yamana recorded a gain on discontinuation of the equity method of $21.3 million, which is included in other operating expenses, net in the consolidated statement of operations for the year ended December 31, 2020. The gain was calculated as the difference between the fair value of Yamana's retained interest (in the form of Equinox shares) and the carrying amount of the investment in Leagold at the date the equity method was discontinued, adjusted for the loss previously recognized in other comprehensive income that was reclassified to profit or loss on discontinuation of the equity method. The investment in Equinox is accounted for as a financial asset at FVOCI.

On April 13, 2020 Yamana announced it had entered into an agreement with Stifel GMP and Cormark Securities Inc. (collectively, the "Dealers") to sell 12,000,000 units (each, a "Unit") at a price of C$10.00 per Unit for gross proceeds to Yamana of $85.2 million (C$120.0 million) (the "Sale Transaction"). Each Unit consisted of one (1) common share of Equinox owned by Yamana and one-half (0.5) of a common share purchase warrant of Yamana (each whole warrant a "Warrant"). Each Warrant entitles the holder thereof to acquire one (1) additional common share of Equinox owned by Yamana (a "Warrant Share") at an exercise price of C$13.50 for a term of 9 months from the date of issue. The Sale Transaction closed on April 15, 2020.

During the third quarter of 2020, Yamana disposed of 1,200,000 Equinox shares for proceeds of approximately $15.6 million (C$20.5 million).

As at December 31, 2020, Yamana held 6,000,000 Equinox shares, representing approximately 2.5% of the issued and outstanding Equinox shares, on a non-diluted basis.

Subsequent to year end, 405,000 of the 6,000,000 outstanding purchase warrants to acquire Equinox common shares held by Yamana were exercised and the same number of shares disposed of at the exercise price of C$13.50, for total proceeds of $4.2 million (C$5.5 million). The remainder of the purchase warrants expired on January 15, 2021.

Sale of the Royalty Portfolio

On February 23, 2020, the Company announced that it had entered into a definitive purchase agreement (the "Purchase Agreement") to sell a portfolio of royalty interests and the contingent payment to be received upon declaration of commercial production at the Deep Carbonates Project ("DCP") at the Gualcamayo gold mine (together, the "Royalty Portfolio") to Guerrero Ventures Inc. (TSX-V:GV) ("Guerrero").

The assets in the Royalty Portfolio being sold pursuant to the transaction were:

- A 1% net smelter return royalty ("NSR") on gold production and 2% NSR on base metals from the Riacho dos Machados ("RDM") gold mine operating in Minas Gerais, Brazil;
- A 2% NSR on oxide gold production from the Gualcamayo gold mine operating in San Juan, Argentina, once the operation produces approximately 275,000 ounces from January 1, 2020;
- A 1.5% NSR on production from the DCP at the Gualcamayo gold mine;
- A $30.0 million cash payment receivable upon declaration of commercial production at the DCP at the Gualcamayo gold mine; and
- A 2% NSR on production from the Suruca project in Goiás, Brazil.

On May 25, 2020, Guerrero announced that it had formally changed its corporate name to Nomad Royalty Company Ltd. ("Nomad").

On May 27, 2020, the transaction was completed and Yamana received $64.2 million in consideration as follows:

- $10.0 million in cash;
- $10.8 million, being the fair value of the $10.0 million deferred cash payment. The deferred cash payment is measured at fair value due to the convertible nature of the financial instrument. Pursuant to the terms in the Deferred Payment Agreement, Yamana will receive interest on the deferred cash payment of 3% calculated and payable on a quarterly basis, and the deferred cash payment may be converted at any time, in whole or in part, by Yamana into shares of Nomad at C$0.90 per share. The deferred cash payment will be due for payment in full at the end of two years. However, Nomad may pay the deferred cash payment in full at the end of one year, subject to additional payment by Nomad equal to 5% of the deferred cash payment, and the right of Yamana to convert the deferred cash payment into shares of Nomad at a price of C$0.90 per share. The instrument creating the deferred cash payment can be transferred at any time. The deferred cash payment is accounted for as a financial asset at fair value through profit or loss; and
- $43.4 million in Nomad common shares at a price of C$0.90 per share, representing approximately 13% of Nomad's issued and outstanding shares. These shares were subject to a lockup period of six months.

In conjunction with the acquisition of Yamana's Royalty Portfolio, Guerrero also entered into an agreement to acquire a portfolio of precious metals royalty, stream and gold loan assets from funds related to Orion Resource Partners (USA) LP (collectively, "Orion") for total consideration of $268.0 million.

The purchase price payable to Orion was satisfied through the issuance of $268.0 million in Nomad common shares at a price of C$0.90 per share, representing approximately 77% of Nomad's issued and outstanding shares. These shares are subject to a lockup period of 12 months.

On May 29, 2020, Nomad's shares commenced trading on the TSX under the ticker symbol "NSR".

On December 11, 2020, Yamana disposed of 22,750,000 Nomad shares through a secondary offering at a price of C$1.10 per share for total gross proceeds of approximately $19.7 million (C$25.0 million).

As at December 31, 2020, Yamana held 43,750,000 Nomad shares, representing approximately 7.75% of the issued and outstanding Nomad shares on a non-diluted basis (approximately 10% on a partially-diluted basis).

As Yamana is represented on Nomad's board of directors, the Company concluded that it has significant influence over Nomad, and the investment in Nomad has been accounted for as an investment in associate using the equity method.

Suyai Option Agreement

On April 28, 2020, Yamana announced that it had entered into a definitive option agreement (the “Option Agreement”) pursuant to which, it has granted Argentina based Consultores Asset Management S.A. (“CAM”) the right and option to acquire up to a maximum 40% interest in the legal entity that directly holds the Suyai Project, an advanced stage exploration gold project located in Chubut Province, in southern Argentina.

The exercise of the option granted is subject to CAM fulfilling certain obligations and achieving certain milestones, and by paying $31.6 million in various installments plus all of their proportionate expenses during the earn in periods. CAM’s obligations primarily relate to the performance of environmental, social and governance matters and, in particular, leading the permitting efforts aimed to advance the project through its different stages of development. CAM has the right to acquire a 35% legal interest by the end of the first earn in period, which ends on December 31, 2024, and a further 5% legal interest within five years of the satisfaction of the 35% interest.

Yamana received an upfront payment of $2.0 million from CAM to secure the option, which has been accounted for as a financial liability at fair value through profit or loss.

Investment in Monarch Gold Corporation

In June 2020, pursuant to a private placement offer by Monarch Gold Corporation ("Monarch") (TSX: MQR), Yamana subscribed for $3.1 million (C$4.2 million) worth of units of Monarch at a price of C$0.24 per unit and was issued 17,500,000 common shares of Monarch, along with 8,750,000 warrants. Each warrant entitles Yamana to purchase one common share of Monarch at a price of C$0.29 until June 10, 2023.

As Yamana’s shareholding is above 5%, the Company is entitled to name a representative to Monarch’s Board of Directors. As Yamana will be represented on Monarch's board of directors, the Company concluded that it has significant influence over Monarch, and the investment has been accounted for as an investment in associate using the equity method.

Yamana acquired additional shares in Monarch during the third quarter of 2020, increasing the Company's shareholding from 6% to 7.1% of Monarch's issued and outstanding shares.

On November 2, 2020, Yamana announced that it had entered into a definitive agreement (the “Agreement”) with Monarch whereby Yamana would acquire the Wasamac property and the Camflo property and mill (the “Acquisition Properties”) through the acquisition of all of the outstanding shares of Monarch not owned by Yamana under a plan of arrangement. In connection with the plan of arrangement, Monarch would complete a spin-out to its shareholders, through a newly-formed company (Monarch Mining) of its other mineral properties and certain other assets and liabilities of Monarch (collectively, the “Transaction”).

On January 21, 2021, the Company announced the completion of the Transaction.

Under the terms of the Transaction, Monarch shareholders received the following consideration per Monarch share: 0.0376 of a Yamana share; C$0.192 in cash; and 0.2 of a share of the newly formed Monarch Mining. Yamana issued 11,608,195 Yamana Shares and paid approximately $46.9 million (C$59.3 million) in cash, for total consideration of approximately $107.8 million (C$136.1 million).

The Wasamac and Camflo properties will be added to Yamana's Canadian exploration portfolio.

The Company is currently evaluating whether the Transaction will be accounted for as a business combination or an asset acquisition, and will conclude in the first quarter of 2021.

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.

The gain on disposal of Chapada was calculated as below:

		Chapada
Total consideration including working capital adjustments (net of transaction costs)	**$**	**856.2**
Net assets sold and derecognized:		
Cash and cash equivalents	$	43.1
Trade and other receivables		0.5
Inventories		31.4
Other assets		157.4
Property, plant and equipment		670.0
Trade and other payables		(31.9)
Income taxes payable		(18.2)
Other provisions and liabilities		(150.5)
Environmental rehabilitation provisions		(58.7)
Deferred tax liabilities		(60.0)
Net assets	**$**	**583.1**
Gain on disposal (Note 10)	**$**	**273.1**

The gain on disposal is included in other operating income, net in the consolidated statement of operations for the year ended December 31, 2019.

The results of Chapada up to its disposal date are included in the "Other Mines" operating segment in *Note 7*.

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. 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, 2020	**$ 1,059.5**	**$ 897.7**	**$ 457.8**	**$ 1,111.0**	**$ 296.1**	**$ —**	**$ 2,862.7**	**$ 6,684.8**
Total assets at December 31, 2020	**$ 1,638.1**	**$ 936.4**	**$ 550.0**	**$ 1,168.0**	**$ 322.2**	**$ —**	**$ 3,808.1**	**$ 8,422.8**
Total liabilities at December 31, 2020	**$ 458.3**	**$ 273.1**	**$ 79.2**	**$ 407.3**	**$ 108.6**	**$ —**	**$ 1,924.0**	**$ 3,250.5**
Capital expenditures for the year ended December 31, 2020	**$ 74.8**	**$ 43.4**	**$ 48.9**	**$ 47.8**	**$ 39.5**	**$ —**	**$ 19.3**	**$ 273.7**

	Canadian Malartic	Jacobina	Cerro Moro	El Peñón	Minera Florida	Other Mines (i)	Corporate and other (ii)	Total
Property, plant and equipment at December 31, 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

(i) Other mines is comprised of the Chapada mine, which was divested July 2019.

(ii) "Corporate and other" includes advanced stage development projects, exploration properties, corporate entities, the Company's investments in associates and the MARA Project with property, plant and equipment of $1,856.4 million, total assets of $2,109.7 million and total liabilities of $429.2 million (December 31, 2019: Agua Rica Project of $1,151.1 million, $1,156.5 million, and $269.4 million, respectively).

For the year ended December 31, 2020	Canadian Malartic	Jacobina	Cerro Moro	El Peñón	Minera Florida	Other mines (ii)	Corporate and other	Total
Revenue	**$ 471.0**	**$ 312.1**	**$ 241.3**	**$ 381.1**	**$ 155.5**	**$ —**	**$ —**	**$ 1,561.0**
Cost of sales excluding DDA (i)	**(185.4)**	**(95.5)**	**(115.8)**	**(141.8)**	**(75.6)**	**—**	**—**	**(614.1)**
Gross margin excluding DDA	**$ 285.6**	**$ 216.6**	**$ 125.5**	**$ 239.3**	**$ 79.9**	**$ —**	**$ —**	**$ 946.9**
DDA	**(133.4)**	**(52.6)**	**(86.1)**	**(69.6)**	**(44.2)**	**—**	**(9.1)**	**(395.0)**
Temporary suspension, standby and other incremental COVID-19 costs	**(4.5)**	**(2.0)**	**(19.2)**	**(7.0)**	**(7.7)**	**—**	**(0.1)**	**(40.5)**
(Impairment) reversal of impairment of mining properties	**—**	**—**	**(369.0)**	**560.0**	**—**	**—**	**—**	**191.0**
Segment income (loss)	**$ 147.7**	**$ 162.0**	**$ (348.8)**	**$ 722.7**	**$ 28.0**	**$ —**	**$ (9.2)**	**$ 702.4**
							Other expenses (iii)	**(212.3)**
							Earnings before taxes	**$ 490.1**
							Income tax expense	**(286.5)**
							Net earnings	**$ 203.6**

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

(i) Depletion, depreciation and amortization ("DDA").
(ii) Other mines is comprised of the Chapada mine, which was divested in July 2019.
(iii) Other expenses are comprised of general and administrative expenses, exploration and evaluation expenses, share of loss of associates, other operating (expenses) income, net, finance costs and other costs. net, 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,	**2020**	2019
Canada	**$ 471.0**	$ 460.5
Chile	**536.6**	400.8
Brazil	**312.1**	451.3
Argentina	**241.3**	299.6
Total revenue	**$ 1,561.0**	$ 1,612.2

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

As at December 31,	**2020**	2019
Canada	**$ 1,784.4**	$ 1,863.9
Chile	**1,891.2**	1,341.0
Brazil	**927.0**	949.2
Argentina	**2,769.4**	2,447.7
United States	**34.7**	33.0
Total non-current assets	**$ 7,406.7**	$ 6,634.8

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,	**2020**	2019
Customer (i)		
1	**$ 394.6**	$ 371.8
2	**365.6**	320.5
3	**334.7**	275.0
4	**199.7**	192.3
5	**158.9**	—
Total sales to customers exceeding 10% of annual metal sales	**$ 1,453.5**	$ 1,159.6
Percentage of total metal sales	**93.1 %**	71.9 %

(i) A balance is only included for a customer in each year where total sales to that customer exceeded 10% of annual metal sales in the period.

8. REVENUE

Disaggregation of Revenue

The following table disaggregates revenue by metal:

For the years ended December 31,		**2020**		2019
Gold	**$**	**1,341.8**	$	1,262.8
Silver		**219.2**		178.5
Copper		**—**		162.7
Total revenue from contracts with customers	**$**	**1,561.0**	$	1,604.0
Provisional pricing adjustments (i)		**—**		8.2
Total revenue	**$**	**1,561.0**	$	1,612.2

(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 arrangement 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, 2020 the aggregate amount of the revenue allocated to unsatisfied performance obligations was $77.6 million.

The Company expects to recognize approximately $17.1 million of this revenue over the next 12 months and the remainder over a period of approximately 11 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,		**2020**		2019
Wages and salaries	**$**	**176.2**	$	174.5
Social security, pension and government-mandated programs (i)		**79.0**		77.2
Other benefits (ii)		**29.2**		20.1
Total employee compensation and benefits expenses	**$**	**284.4**	$	271.8

(i) Included in this item are defined contribution pension plans for all full-time qualifying employees of the Company. Contributions by the Company are based on a contribution percentage using the annual salary as the base and are made on a quarterly basis or as otherwise determined by the Company. The assets of the plans are held separately from those of the Company and are managed by independent plan administrators. The total expense recognized in the consolidated statement of operations of $6.4 million (2019: $5.9 million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at December 31, 2020, contributions of $2.6 million due in respect of the 2020 reporting period (2019: $2.6 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 EXPENSES (INCOME), NET

For the years ended December 31,		**2020**		2019
Changes in provisions (i)	**$**	**9.1**	$	6.9
(Recovery) Write-down of tax recoverables and other assets		**(2.1)**		25.6
Gain on discontinuation of the equity method (Note 6)		**(21.3)**		—
Gain on sale of subsidiaries (Note 6)		**—**		(273.1)
Loss on sale of other assets		**3.8**		2.4
Mark-to-market loss on deferred share compensation		**10.9**		3.3
Net mark-to-market gain on financial assets and financial liabilities		**(6.9)**		(1.9)
Reorganization costs		**0.5**		3.8
Other expenses (ii)		**20.6**		10.6
Other operating expenses (income), net	**$**	**14.6**	$	(222.4)

(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 business and professional transaction costs.

11. OTHER COSTS, NET

For the years ended December 31,		**2020**		2019
Finance income	**$**	**(1.1)**	$	(2.2)
Net gain on derivatives		**(1.8)**		(7.2)
Net foreign exchange loss		**21.6**		29.0
Other costs, net	**$**	**18.7**	$	19.6

12. FINANCE COSTS

For the years ended December 31,		**2020**		2019
Unwinding of discounts on provisions	**$**	**9.0**	$	11.1
Interest expense on long-term debt		**51.9**		71.8
Financing costs paid on early note redemption (Note 28)		**—**		35.0
Interest expense on lease liabilities (Note 34)		**3.5**		4.4
Amortization of deferred financing, bank, financing fees and other finance costs (i)		**12.6**		21.9
Finance costs	**$**	**77.0**	$	144.2

(i) Included in other finance costs for the years ended December 31, 2020 and 2019 is $4.5 million and $9.4 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 2020, the Company reviewed its operating mine sites for indicators of impairment or impairment reversal and performed the annual goodwill impairment test for the Canadian Malartic cash-generating unit ("CGU"). The Company observed an increase in the fair value less costs of disposal ("FVLCD") of the El Peñón mine in Chile that resulted in a partial reversal of the impairment losses recorded in 2015 and 2016. This reversal was partially offset by an impairment at Cerro Moro. The FVLCD of the Canadian Malartic CGU exceeded the carrying value. No indicators of impairment or impairment reversal were identified for any of the Company's other CGUs.

In relation to the impacts of the COVID-19 pandemic, the Company has been able to continue operating at all CGUs during the current year, with the exception of Canadian Malartic and Cerro Moro, both of which experienced temporary suspensions of operations for a short period earlier in the year. While there have been disruptions to the movements of workers to some assets and additional costs have been incurred to introduce appropriate protocols at all sites (with additional costs also expected to be incurred in 2021), the Company does not believe that the COVID-19 impacts represent an indicator of impairment for any CGU except as a contributing indicator for Cerro Moro - as discussed below.

For the year ended December 31, 2020, the Company's net impairment reversal in respect of the following CGUs was as follows:

For the year ended December 31,		**2020**
El Peñón	$	**560.0**
Cerro Moro		**(369.0)**
Net impairment reversal	$	**191.0**

2020 Indicators of Impairment and Impairment Reversal

El Peñón

The Company recorded impairments at the El Peñón mine in 2015 and 2016. The impairment in 2015 was a result of the Company downward adjusting its macroeconomic assumptions, which negatively impacted future estimated cash flows, and the Company's updated view on value beyond mineral reserves and mineral resources. During 2016, the Company determined that the sustainable, long-term optimal production level for the mine was a production expectation of 140,000 ounces of gold and 4,150,000 ounces of silver per annum, which negatively impacted future cash flows.

Following a standout year and solid fourth quarter from El Peñón in 2020, where sustained production and costs were in line with an improved LOM and budget, the mine demonstrated its ability to maintain its current production and cost profile. The Company considered the following factors to be an indicator of reversal of the previous impairment charge:

- Prolonged and sustained high production levels, which have led to significantly higher production for both gold and silver than that envisioned in the mine plan developed in 2016 at the time of rightsizing of the operation. This was the result of both plant improvements to increase throughput, and higher grade ores being mined.
- A sustained reduction in costs benefiting from the higher production and continuous cost reduction initiatives carried out over the past year.
- Significant exploration successes throughout the year, which lead to increased mineral resources for December 31, 2020, which both extended the life of the mine and improved the life of mine models.

The Company concluded that the recoverable amount for the El Peñón CGU, representing the CGU's FVLCD, exceeded the carrying amount. This resulted in a non-cash accounting reversal of the impairment charges previously recorded in 2015 and 2016 on mineral properties subject to depletion, which was limited to the carrying amount of the El Peñón CGU that would have been determined had no impairment charge been recognized in prior years, net of depletion, depreciation and amortization charges, totalling $560.0 million.

Cerro Moro

During 2020, the Cerro Moro mine experienced lower production at higher than expected unit costs. The following considerations were taken into account while developing the new LOM plan:

- Country-specific matters including the announcement on December 30, 2020 of the change to the export tax in Argentina to 4.3%, and its indefinite extension.
- Expected lower annual production in comparison with prior year guidance and expectations, particularly for 2021.
- A higher cost structure than previously anticipated and consistent with current costs being observed in the operation, which have exceeded those in the Company's budget and guidance due to general cost pressures, inefficiencies and general operational challenges in relation to COVID-19.
- Delays in reaching previously targeted exploration results and mineral reserve and mineral resource additions. Despite promising recent results in core areas of the mine and newly discovered areas, the Company has been delayed in its goal of increasing mineral reserves and mineral resources in the operation.

Given the decrease in the overall Cerro Moro CGU profitability as identified in the latest LOM plan, the impact of the LOM plan on the value of exploration potential and land interest, and the impact of a reduction in reserves and resources, the Company concluded that these factors represent an indicator of impairment for Cerro Moro as of December 31, 2020. The Company concluded that the recoverable amount for the Cerro Moro CGU, representing the CGU's FVLCD, was below the carrying amount. In consideration of the above, a non-cash accounting impairment of $369.0 million was recognized.

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 proven 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 $1,550 per ounce (2019: $1,350 per ounce), $20.00 per ounce (2019: $17.50 per ounce) and $3.00 per pound (2019: $3.04 per pound) respectively, have been used to estimate future revenues.
- **Discount rates:** In calculating the FVLCD, a real post-tax discount rate of 3.5% (2019: 3.75%) based on the Company's weighted average cost of capital ("WACC"). The WACC used in the models is in real terms, consistent with the other assumptions in the models.
- **Exchange rates:** Foreign exchange rates are estimated with reference to external market forecasts and based on observable market data including spot and forward values. In the current year, there was a depreciation in the long-term rates of the local currencies in which the Company operates.

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

	Change in recoverable value from a 1% change in metal prices	Change in recoverable value from a 1% change in exchange rates
El Peñón	$ 42.1	$ 15.3
Cerro Moro	22.0	3.5

The model used to determine impairment is based on management's best assumptions using material and practicable data which may generate results that are not necessarily indicative of future performance. In addition, in deriving this analysis, the Company has made assumptions based on the structure and relationships of variables as at the balance sheet date which may differ due to fluctuations throughout future years with all other variables assumed to remain constant. Actual changes in one variable may contribute to changes in another variable, which may amplify or offset the individual effect of each assumption.

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

14. INCOME TAXES

Income Tax Expense (Recovery)

For the years ended December 31,		2020		2019
Current tax expense (recovery)				
Current tax expense in respect of the current year	**$**	**119.5**	$	91.8
Adjustment for prior periods		**(4.5)**		1.6
Impact of foreign exchange		**0.1**		0.7
Interest and penalties		**1.1**		0.9
	$	**116.2**	$	95.0
Deferred income tax expense (recovery)				
Deferred income tax recovery recognized in the current year	**$**	**114.1**	$	(30.3)
Adjustment for prior periods		**3.4**		2.9
Impact of foreign exchange		**52.8**		17.1
	$	**170.3**	$	(10.3)
Net income tax expense	**$**	**286.5**	$	84.7

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,		2020		2019
Earnings (loss) before income taxes	**$**	**490.1**	$	310.3
Canadian statutory tax rate (%)		**26.5 %**		26.5 %
Expected income tax expense (recovery)		**129.9**		82.2
Impact of higher foreign tax rates (i)		**28.8**		42.2
Impact of change in enacted tax rates (ii)(iii)		**2.8**		6.3
Permanent differences		**28.1**		(63.2)
Change in recognition of deferred tax assets		**53.4**		(20.6)
Foreign exchange and other translation amounts		**(3.4)**		(11.0)
True-up of tax provisions in respect of prior years		**(1.1)**		4.5
Withholding taxes		**8.4**		6.7
Mining taxes on profit		**28.9**		29.1
Planned distribution of foreign earnings of the company		**10.1**		9.0
Other		**0.6**		(0.5)
Net income tax expense	**$**	**286.5**	$	84.7
Income tax expense (recovery) is represented by:				
Current income tax expense	**$**	**116.2**	$	95.0
Deferred income tax expense (recovery)		**170.3**		(10.3)
Net income tax expense	**$**	**286.5**	$	84.7

(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 has decreased from 11.9% to 11.5% in 2020.

(iii) On December 29, 2017 the Argentine government enacted tax reform legislation that reduced 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,		2020		2019
The net deferred income tax assets (liabilities) are classified as follows:				
Deferred income tax assets	**$**	**98.1**	$	80.8
Deferred income tax liabilities		**(1,229.1)**		(1,041.4)
	$	**(1,131.0)**	$	(960.6)

For the year ended December 31, 2020	Opening balance	Recognized in profit or loss	Recognized in OCI	Divestitures	Closing balance
Deductible temporary differences	**$ 11.8**	**$ 1.4**	**$ —**	**$ —**	**$ 13.2**
Amounts related to tax losses	**102.6**	**11.8**	**—**	**—**	**114.4**
Financing costs	**71.7**	**(10.6)**	**—**	**—**	**61.1**
Environmental rehabilitation provision	**4.5**	**9.1**	**—**	**—**	**13.6**
Derivative liability	**0.5**	**(0.1)**	**2.0**	**—**	**2.4**
Property, plant and equipment	**(1,150.5)**	**(184.4)**	**—**	**—**	**(1,334.9)**
Equity securities at FVOCI	**—**	**0.4**	**(2.2)**	**—**	**(1.8)**
Other	**(1.2)**	**2.2**	**—**	**—**	**1.0**
Net deferred income tax liabilities	**$ (960.6)**	**$ (170.3)**	**$ (0.2)**	**$ —**	**$ (1,131.0)**

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)

A deferred income tax asset in the amount of $95.8 million has been recorded in Canada (2019: $77.6 million). 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,	**2020**	2019
Deductible temporary differences (no expiry)	**$ 71.5**	$ 166.4
Capital losses (no expiry)	**120.2**	149.1
Operating losses	**101.2**	121.6
	$ 292.9	$ 437.1

Operating losses at December 31, 2020 will expire as follows:

	Canada	U.S.	Brazil	Chile	Argentina	Other	Total
2021	**$ —**	**$ 16.4**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 16.4**
2022	**—**	**18.8**	**—**	**—**	**—**	**—**	**$ 18.8**
2023	**—**	**34.2**	**—**	**—**	**—**	**—**	**$ 34.2**
2024	**—**	**14.9**	**—**	**—**	**14.9**	**—**	**$ 29.8**
2025	**—**	**7.3**	**—**	**—**		**—**	**$ 7.3**
2026 and onwards	**238.0**	**122.9**	**—**	**—**	**—**	**6.3**	**$ 367.2**
Unlimited	**—**	**3.3**	**60.3**	**94.7**	**—**	**—**	**$ 158.3**
	$ 238.0	**$ 217.8**	**$ 60.3**	**$ 94.7**	**$ 14.9**	**$ 6.3**	**$ 632.0**

Unrecognized Taxable Temporary Differences Associated with Investments and Interests in Subsidiaries

As at December 31, 2020, an aggregate temporary difference of $3.2 billion (2019: $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 temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

15. EARNINGS PER SHARE

Earnings per share for the years ended December 31, 2020 and 2019 was calculated based on the following:

		2020		2019
Attributable to Yamana Gold Inc. equity holders				
Net earnings	**$**	**203.6**	$	225.6

Earnings per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings 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 per share for the years ended December 31 was based on the following:

(in thousands of units)	2020	2019
Weighted average number of common shares - basic	**951,818**	950,266
Weighted average number of dilutive share options	**74**	—
Weighted average number of dilutive Restricted share units	**1,954**	1,658
Weighted average number of common shares - diluted	**953,846**	951,924

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

(in thousands of units)	2020	2019
Potential dilutive securities		
Share options	**182**	1,286
Restricted share units	**541**	790
	722	2,076

16. SUPPLEMENTARY CASH FLOW INFORMATION

Net Change in Working Capital

For the years ended December 31,		2020		2019
Net (increase) decrease in:				
Trade and other receivables	**$**	**3.0**	$	18.0
Inventories		**(21.6)**		(1.5)
Other assets		**(16.8)**		10.6
Net increase (decrease) in:				
Trade and other payables		**(10.7)**		(56.5)
Other liabilities		**(6.7)**		(15.6)
Movement in above related to foreign exchange		**(18.1)**		(23.7)
Net change in working capital (i)	**$**	**(70.9)**	$	(68.7)

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

Cash and Cash Equivalents

As at December 31,		**2020**		2019
Cash at bank	**$**	**485.8**	$	156.3
Bank short-term deposits		**165.4**		2.5
Total cash and cash equivalents (i) (ii)	**$**	**651.2**	$	158.8

(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.

(ii) The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include $223.1 million that are held by the MARA Project. These deposits are to be used specifically by the MARA Project and are therefore, not available for general use by the other entities within the consolidated Company. Included in this amount is $55.6 million of cash deposits serving as collateral for bank guarantees.

Other Non-Cash Expenses, net

For the years ended December 31,		**2020**		2019
Loss on disposal and write-down of assets	**$**	**13.7**	$	31.5
Amortization of union negotiation bonuses		**11.4**		10.0
Provision on indirect taxes		**(5.9)**		(2.5)
Other expenses		**9.5**		7.2
Total non-cash expenses, net	**$**	**28.7**	$	46.2

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.

	2020			2019		
	Debt	**Accrued interest (i)**	**Lease liabilities**	Debt	Accrued interest (i)	Lease liabilities
At January 1,	**$ 1,047.9**	**$ 4.0**	**$ 43.5**	$ 1,758.7	$ 12.6	$ 41.8
Changes from financing cash flows						
Debt issued	**200.0**	**—**	**—**	240.0	—	—
Debt repayments	**(256.2)**	**—**	**—**	(952.5)	—	—
Interest paid	**—**	**(51.4)**	**(3.5)**	—	(80.0)	(4.4)
Payment of lease liabilities	**—**	**—**	**(17.1)**	—	—	(16.8)
Other changes						
Interest expense	**—**	**51.9**	**3.5**	—	71.8	4.4
New leases	**—**	**—**	**8.6**	—	—	26.2
Changes arising from disposal of subsidiaries	**—**	**—**	**—**	—	—	(7.7)
Other	**2.1**	**(0.4)**	**0.2**	1.7	(0.4)	—
At December 31,	**$ 993.8**	**$ 4.1**	**$ 35.2**	$ 1,047.9	$ 4.0	$ 43.5

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

17. FINANCIAL INSTRUMENTS

(a) Financial Assets and Financial Liabilities by Categories

As at December 31, 2020	Amortized cost	FVOCI - equity instruments	Mandatorily at FVTPL - others	FV - Hedging instruments	Total
Financial assets					
Cash and cash equivalents	$ —	$ —	$ 651.2	$ —	**$ 651.2**
Trade and other receivables	4.2	—	—	—	**4.2**
Convertible loan receivable (iii)	—	—	11.7	—	**11.7**
Investments in equity securities (i)(ii)	—	68.7	—	—	**68.7**
Warrants	—	—	2.5	—	**2.5**
Derivative assets - Non-hedge	—	—	0.4	—	**0.4**
Other financial assets	19.7	—	—	—	**19.7**
Total financial assets	**$ 23.9**	**$ 68.7**	**$ 665.8**	**$ —**	**$ 758.4**
Financial liabilities					
Total debt	$ 993.8	$ —	$ —	$ —	**$ 993.8**
Trade and other payables	240.4	—	—	—	**240.4**
Derivative liabilities - Hedging instruments	—	—	—	9.0	**9.0**
Derivative liabilities - Non-hedge	—	—	6.1	—	**6.1**
Other financial liabilities	173.4	—	—	—	**173.4**
Total financial liabilities	**$ 1,407.6**	**$ —**	**$ 6.1**	**$ 9.0**	**$ 1,422.7**

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**

(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.

(ii) Includes the Company's investment in Equinox (formerly Leagold). On March 10, 2020, the Company ceased to have significant influence over the entity and no longer recognizes it as an investment in associate. On April 15, 2020, the Company disposed of 12,000,000 Equinox shares accounted for at FVOCI. As noted above, equity securities in the Company's investment portfolio are considered to be strategic investments. For such investments, the Company's focus is to assess the best path for creation of value for shareholders, which may include monetization of said investments, such as was the case in the sale of the Equinox shares. The fair value of the Equinox shares at the date of derecognition was $91.1 million and the Company recorded a cumulative loss of $6.5 million on disposal.

(iii) Represents the Deferred Cash Payment receivable from the Nomad transaction. Refer to *Note 6*.

(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, 2020			December 31, 2019		
	Level 1 input	**Level 2 input**	**Aggregate fair value**	Level 1 input	Level 2 input	Aggregate fair value
Assets						
Cash and cash equivalents	**$ 651.2**	**$ —**	**$ 651.2**	$ 158.8	$ —	$ 158.8
Convertible loan receivable	**—**	**11.7**	**11.7**	—	—	—
Investments in equity securities	**68.7**	**—**	**68.7**	8.4	—	8.4
Warrants	**—**	**2.5**	**2.5**	—	2.8	2.8
Derivative related assets	**—**	**0.4**	**0.4**	—	3.9	3.9
	$ 719.9	**$ 14.6**	**$ 734.5**	$ 167.2	$ 6.7	$ 173.9
Liabilities						
Derivative related liabilities	**$ —**	**$ 15.1**	**$ 15.1**	$ —	$ 1.8	$ 1.8
	$ —	**$ 15.1**	**$ 15.1**	$ —	$ 1.8	$ 1.8

At December 31, 2020, 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, 2020. At December 31, 2020, 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

Warrants and Convertible loan receivable
The fair value of warrants, and the convertible loan receivable are determined using a Black-Scholes model based on relevant assumptions including risk free interest rate, expected dividend yield, expected volatility and expected warrant life which are supported by observable current market conditions.

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, 2020		December 31, 2019	
	Financial instrument classification	**Carrying amount**	**Fair value (i)**	Carrying amount	Fair value (i)
Debt					
Senior notes	Amortized cost	**$ 996.5**	**$ 989.3**	$ 1,051.3	$ 1,042.2

(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, 2020

				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 (iv)						
Option contracts						
BRL option contracts (millions) (i)	R$3.85	R$4.32	January - June 2021	**R$93.0**	**—**	**(3.7)**
Forward contracts	**Average FX/USD forward rate**					
BRL forward contracts (millions) (ii)	R$4.07		January - June 2021	**R$93.0**	**—**	**(5.3)**
Other	**Per share value (C$)**					
DSU contracts (millions of DSUs) (iii)	$7.26		January - November 2021	**—**	**4.2**	**0.4**

(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 38% of the BRL denominated forecasted costs from January 2021 to June 2021, respectively.

(ii) On November 5 and 6, 2019, the Company entered into forward contracts totalling BRL 93.0 million (approximately US$17.9 million) split evenly from January 2021 to June 2021 at a weighted average BRL to US Dollar forward rate of BRL 4.07 per US Dollar. These forward contracts are expected to cover approximately 38% of the BRL denominated forecasted costs from January 2021 to June 2021 respectively.

(iii) During the fourth quarter of 2020, 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 4.2 million DSUs (approximately 88% of outstanding DSUs at the time) at a value of C$7.26 per share.

In January 2021, the Company entered into the following additional derivative contracts to hedge against the risk of increases in the value of foreign currencies in several jurisdictions:

- Canadian Dollar to USD: Forward contracts with monthly notional maturities of C$20.0 million from February to December 2021, at an average forward price of C$1.2703 (total notional of C$220.0 million);
- Chilean Peso to USD: Forward contracts with monthly notional maturities of CLP$9.3 billion from February to December 2021, at an average forward price of CLP$736.80 (total notional of CLP$102.3 billion);
- Brazilian Real to USD: Zero-cost collars with monthly notional maturities of R$16.0 million from July 2021 to December 2022 with an average call strike price of R$5.25 and an average put strike price of R$5.71 (total notional of R$288.0 million), and forward contracts with monthly notional maturities of R$16.0 million from July 2021 to December 2022 at an average forward price of R$5.4925 (total notional of R$288.0 million).

As at December 31, 2020, the Company also had derivative liabilities relating to the warrants issued to purchase Equinox shares held by Yamana of $1.4 million, and option agreements of $4.7 million. Refer to *Note 6* for further details.

Fair Values of Derivatives

	Asset derivatives				Liability derivatives			
At as December 31,		**2020**		2019		**2020**		2019
Derivatives designated as hedging instruments								
Currency contracts	**$**	**—**	$	0.1	**$**	**9.0**	$	1.8
Total derivatives designated as hedging instruments	**$**	**—**	$	0.1	**$**	**9.0**	$	1.8
Derivatives not designated as hedging instruments								
Warrants and options contracts		**—**		—		**6.1**		—
DSU contracts		**0.4**		3.8		**—**		—
Total derivatives not designated as hedges	**$**	**0.4**	$	3.8	**$**	**6.1**	$	—
Total derivative instruments (Note 20 and Note 26)	**$**	**0.4**	$	3.9	**$**	**15.1**	$	1.8

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,		**2020**		2019		**2020**		2019
Exchange rate risk								
Currency option contracts	**$**	**(24.0)**	$	(4.3)	**$**	**16.9**	$	9.3
	$	**(24.0)**	$	(4.3)	**$**	**16.9**	$	9.3
Time value of option contracts excluded from hedge relationship		**(0.2)**		(1.3)		**—**		—
	$	**(24.2)**	$	(5.6)	**$**	**16.9**	$	9.3

Gains (Losses) on Non-hedge Derivatives

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

For the years ended December 31,		**2020**		2019
Realized gains (losses)				
Commodity contracts	**$**	**—**	$	2.9
DSU contracts		**1.8**		—
	$	**1.8**	$	2.9
Unrealized gains (losses)				
Commodity contracts	**$**	**—**	$	(2.0)
DSU contracts		**(3.4)**		4.4
	$	**(3.4)**	$	2.4

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)	**2020**	2019	**2020**	2019
BRL	**$ 0.3**	$ 1.1	**$ 1.0**	$ 0.5
ARS	**$ 0.5**	$ 1.1	**$ —**	$ —
CAD	**$ 4.2**	$ 5.1	**$ 0.1**	$ —
CLP	**$ 2.3**	$ 2.6	**$ 0.1**	$ 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.

There were no derivatives to hedge metal sales outstanding at December 31, 2020 or December 31, 2019.

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, 2020, 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, 2020.

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, 2020.

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 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. The assessment of recoverability of trade receivables at December 31, 2020 considered the impacts of COVID-19 and no recoverability issues were identified. 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,	**2020**	2019
Cash and cash equivalents	**$ 651.2**	$ 158.8
Trade and other receivables	**4.2**	3.4
Derivative assets (Note 17)	**0.4**	3.9
Convertible loan receivable (Note 6)	**11.7**	—
Loans and other receivables	**19.7**	8.6
	$ 687.2	$ 174.7

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.

	2020					2019
As at December 31,	**Within 1 year**	**2 - 3 years**	**4 - 5 years**	**Over 5 years**	**Total**	Total
Trade and other payables	$ 240.4	$ —	$ —	$ —	$ 240.4	$ 219.5
Debt repayments	—	431.5	287.4	282.9	1,001.8	1,058.0
Interest payments on debt	50.3	78.2	33.2	25.6	187.3	226.9
Lease liabilities	11.7	17.4	9.7	15.2	54.0	50.8
Derivative liabilities	10.4	2.7	2.0	—	15.1	1.8
Other financial liabilities	56.6	7.8	2.2	72.6	139.2	129.3
Total	**$ 369.4**	**$ 537.6**	**$ 334.5**	**$ 396.3**	**$ 1,637.8**	$ 1,686.3

At December 31, 2020, the Company had letters of credit and guarantees outstanding in the amount of $178.9 million (December 31, 2019: $85.7 million) of which $155.9 million (December 31, 2019: $83.7 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,		**2020**		2019
Product inventories	**$**	**26.6**	$	23.8
Work in process		**9.9**		9.0
Ore stockpiles		**168.5**		142.8
Materials and supplies		**96.5**		89.7
	$	**301.5**	$	265.3
Less: non-current ore stockpiles included in other non-current assets (Note 21)		**(149.4)**		(131.9)
	$	**152.1**	$	133.4

For the year ended December 31, 2020, inventory impairment charges of $6.2 million were recorded against materials and supplies inventory (December 31, 2019: $0.7 million), which are included in cost of sales excluding depletion, depreciation and amortization.

20. OTHER FINANCIAL ASSETS

As at December 31,		**2020**		2019
Derivative assets (Note 17)	**$**	**0.4**	$	3.9
Loans and other receivables		**19.7**		8.6
Investments in equity securities and warrants (i)		**71.2**		11.2
Convertible loan receivable (ii)		**11.7**		—
	$	**103.0**	$	23.7
Current	**$**	**14.3**	$	8.5
Non-current		**88.7**		15.2
	$	**103.0**	$	23.7

(i) Includes the Company's investment in Equinox Gold. Refer to *Note 6* for further details.

(ii) As part of the sale of the Royalty Portfolio in March 2020, the Company received a deferred cash payment that is convertible into shares of Nomad. Refer to *Note 6* for further details.

21. OTHER ASSETS

As at December 31,		**2020**		2019
Non-current portion of ore stockpiles (Note 19) (i)	**$**	**149.4**	$	131.9
Income tax recoverable and installments		**2.8**		1.8
Tax credits recoverable (ii)		**77.4**		64.6
Advances, deposits and prepaids		**64.1**		46.9
Other		**5.0**		6.5
	$	**298.7**	$	251.7
Current	**$**	**96.1**	$	97.5
Non-current		**202.6**		154.2
	$	**298.7**	$	251.7

(i) Non-current ore stockpiles represent material not scheduled for processing within the next twelve months at the Company's Canadian Malartic and Jacobina mines.

(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

	Land, building, plant & equipment	Operating mine mineral interests (iii)	Development projects and Exploration & evaluation	Total
Cost				
At January 1, 2020	**$ 1,868.9**	**$ 7,066.6**	**$ 2,839.2**	**$ 11,774.6**
Additions	**68.7**	**187.4**	**17.8**	**273.9**
Reclassifications, transfers and other non-cash movements (i)	**19.4**	**40.1**	**681.6**	**741.1**
Reclassified as held for sale and disposals	**(44.6)**	**—**	**(63.5)**	**(108.1)**
At December 31, 2020	**$ 1,912.5**	**$ 7,294.0**	**$ 3,475.1**	**$ 12,681.6**
Accumulated depletion, depreciation and amortization ("DDA") and impairment				
At January 1, 2020	**$ (1,042.6)**	**$ (4,006.3)**	**$ (772.7)**	**$ (5,821.7)**
DDA	**(139.7)**	**(264.0)**	**—**	**(403.7)**
Impairment and impairment reversal (ii)	**(114.0)**	**305.0**	**—**	**191.0**
Disposals	**37.7**	**—**	**—**	**37.7**
At December 31, 2020	**$ (1,258.7)**	**$ (3,965.4)**	**$ (772.7)**	**$ (5,996.8)**
Carrying amount, December 31, 2020	**$ 653.8**	**$ 3,328.7**	**$ 2,702.4**	**$ 6,684.8**
Amount included above as at December 31, 2020				
Assets not being depreciated	**$ —**	**$ 655.8**	**$ 2,702.4**	**$ 3,358.2**

	Land, building, plant & equipment	Operating mine mineral interests (iii)	Development projects and Exploration & evaluation	Total
Cost				
At January 1, 2019	$ 2,354.5	$ 7,370.6	$ 2,809.7	$ 12,534.8
Additions	78.4	222.4	32.9	333.7
Reclassifications, transfers and other non-cash movements (i)	75.8	11.4	(0.7)	86.5
Reclassified as held for sale and disposals	(639.8)	(537.8)	(2.7)	(1,180.3)
At December 31, 2019	$ 1,868.9	$ 7,066.6	$ 2,839.2	$ 11,774.6
Accumulated depletion, depreciation and amortization ("DDA") and impairment				
At January 1, 2019	$ (1,254.4)	$ (3,811.2)	$ (772.8)	$ (5,838.4)
DDA	(155.1)	(314.9)	—	(470.0)
Disposals	366.8	119.8	—	486.6
At December 31, 2019	$ (1,042.6)	$ (4,006.3)	$ (772.7)	$ (5,821.7)
Carrying amount, December 31, 2019	$ 826.3	$ 3,060.2	$ 2,066.4	$ 5,952.9
Amount included above as at December 31, 2019				
Assets under construction	$ —	$ 86.4	$ —	$ 86.4
Assets not being depreciated	$ —	$ 752.6	$ 2,066.4	$ 2,819.0

(i) Reclassifications, transfers and other non-cash movements includes non-cash additions to PPE and changes in the environmental rehabilitation provision as per *Note 29*. Includes non-cash additions acquired as part of the MARA transaction in 2020. Refer to *Note 6* for additional details.

(ii) During the year ended December 31, 2020, the Company recognized an impairment charge totalling $369.0 million related to Cerro Moro and an impairment reversal of $560.0 million related to El Peñón. Refer to *Note 13* for additional details.

(iii) At December 31, 2020, $509.6 million of E&E assets related to assets in production were included in operating mine mineral interests (December 31, 2019 - $527.7 million). During the year ended December 31, 2020, the Company impaired $15.0 million of such E&E costs at Cerro Moro, and during the year ended December 31, 2019 the company disposed of $63.9 million of such E&E costs related to the Chapada divestment.

23. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill (i)	Other intangible assets (ii)	Total
Cost			
At January 1, 2020	$ 403.7	$ 76.0	$ 479.7
Additions	—	9.6	9.6
Dispositions	—	(0.3)	(0.3)
At December 31, 2020	**$ 403.7**	**$ 85.3**	**$ 489.0**
Accumulated amortization and impairment			
At January 1, 2020	**$ (45.0)**	**$ (42.5)**	**$ (87.5)**
Amortization	**—**	**(5.1)**	**(5.1)**
At December 31, 2020	**$ (45.0)**	**$ (47.6)**	**$ (92.6)**
Net book value at December 31, 2020	**$ 358.7**	**$ 37.7**	**$ 396.4**

	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

(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.

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

24. INVESTMENT IN ASSOCIATES

Details of the Company's investments in associates as at December 31, 2020 and 2019 are as follows:

Material Associate

Name of Associate	Principal activity	Country of incorporation	Principal place of business	% Ownership interest 2020	% Ownership interest 2019	Quoted fair value (i) 2020	Quoted fair value (i) 2019	Carrying amount 2020	Carrying amount 2019
Leagold Mining Corporation	Gold mining	Canada	Brazil, Mexico	**— %**	20.4 %	**$ —**	$ 144.5	**$ —**	$ 120.3

(i) The fair value of the Company's interest in Leagold, which was 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.

On March 10, 2020 Leagold completed a merger transaction with Equinox Gold Corp., which resulted in Yamana owning approximately 9% of the combined company. Yamana concluded that, as a result of its reduced shareholding, it no longer had significant influence in the investee, and therefore, discontinued accounting for the investment using the equity method from the date of the completion of the merger. Refer to Note 6 for further details on the merger transaction.

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

		2020		2019
Balance as at January 1	**$**	**120.3**	$	146.0
Company's share of net loss of Leagold		**(4.1)**		(16.3)
Company's share of other comprehensive loss of Leagold		**(1.6)**		(9.4)
Derecognition of investment in Leagold upon discontinuation of the equity method (Note 6)		**(114.6)**		—
Balance as at December 31	**$**	**—**	$	120.3

Summarized financial information in respect of the Company's investment in Leagold is set out below. The summarized financial information below represents amounts in Leagold's consolidated financial statements prepared in accordance with IFRS, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in Leagold. The information for 2019 presented in the table includes the results of Leagold for the period from January 1 to December 31, 2019. The information for 2020 includes the results of Leagold only for the period from January 1 to March 10, 2020, because Yamana ceased to have significant influence in the investee as of March 10, 2020.

Summarized Consolidated Balance Sheet Information

As at December 31,		**2020**		2019
Current assets	**$**	**—**	$	238.8
Non-current assets		**—**		800.4
Total assets	**$**	**—**	$	1,039.2
Current liabilities		**—**		111.1
Non-current liabilities		**—**		440.8
Total liabilities	**$**	**—**	$	551.9
Net assets of associate	**$**	**—**	$	487.3
Yamana's share of net assets	**$**	**—**	$	99.4
Goodwill		**—**		26.5
Other equity adjustments		**—**		(5.6)
Carrying Amount	**$**	**—**	$	120.3

Summarized Consolidated Statement of Operations and Comprehensive (loss) Income Information

For the year ended December 31,		**2020**		2019
Net (loss) earnings	**$**	**(20.0)**	$	(79.9)
Other comprehensive loss		**(8.1)**		(46.1)
Total comprehensive (loss) income	**$**	**(28.1)**	$	(126.0)

Immaterial Associates

The Company also acquired interests in two individually immaterial associates during the year ended December 31, 2020 (Nomad Royalty Company and Monarch Gold Corporation). The Company acquired its interest in both of these associates as the result of transactions entered into by the Company. The Company's interest in both associates was below 20%; however, the Company determined that it had significant influence because it had representation on the boards of both investees. Refer to Note 6 for further details.

The following table analyzes, in aggregate, the carrying amount and share of net earnings of these associates.

		2020
Aggregate carrying amount of individually immaterial associates	**$**	**34.3**
Aggregate amounts of the Company's share of:		
Net earnings	**$**	**3.1**

25. TRADE AND OTHER PAYABLES

As at December 31,		**2020**		2019
Trade payables	**$**	**154.2**	$	153.9
Other payables (i)		**86.2**		65.6
	$	**240.4**	$	219.5

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

26. OTHER FINANCIAL LIABILITIES

As at December 31,		**2020**		2019
Lease liabilities (Note 34)	**$**	**35.2**	$	43.5
Royalty payable		**16.5**		9.6
Severance accrual		**39.7**		33.2
Deferred share units/performance share units liability (Note 31)		**38.4**		28.0
Accounts receivable and value added tax financing credit (i)		**27.6**		34.5
Current portion of long-term debt (Note 28)		**—**		56.2
Derivative liabilities (Note 17)		**15.1**		1.8
Other		**16.0**		22.3
	$	**188.5**	$	229.1
Current	**$**	**78.8**	$	131.1
Non-current		**109.7**		98.0
	$	**188.5**	$	229.1

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

27. OTHER PROVISIONS AND LIABILITIES

As at December 31,		**2020**		2019
Other taxes payable	**$**	**19.7**	$	19.3
Provision for repatriation taxes payable (i)		**18.5**		27.9
Provision for taxes		**3.9**		10.8
Deferred revenue on metal streaming arrangement (ii)		**77.6**		89.2
Other provisions and liabilities (iii)		**70.4**		35.4
	$	**190.1**	$	182.6
Current	**$**	**77.6**	$	39.5
Non-current		**112.6**		143.1
	$	**190.2**	$	182.6

(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 $18.5 million (2019: $27.9 million) have been accrued on the assumption that the profits will be repatriated.

(ii) 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 metals are delivered to the counterparty. The liabilities associated with the deferred revenue balances referenced to production from the Chapada mine were derecognized as part of the sale of the Chapada mine in July 2019. The following table summarizes the changes in deferred revenue from the metal streaming arrangement:

	2020
As at December 31, 2019	**$ 89.2**
Recognition of revenue during the year net of interest accretion	(10.7)
Variable consideration adjustment	(0.9)
	$ 77.6
Current portion	$ 13.5
Non-current portion	64.1
As at December 31, 2020	**$ 77.6**

(iii) Other provisions and liabilities include the current portion of environmental rehabilitation provisions, and other contingent provisions. The increase during the year reflects the provisions associated with the initial acquisition and consolidation of Alumbrera and an increase in the current portion of environmental rehabilitation provisions.

28. LONG-TERM DEBT AND CREDIT FACILITY

As at December 31,	**2020**	2019
Senior notes		
$300 million notes issued December 2017		
4.625% 10-year notes due December 2027	**$ 280.4**	$ 280.1
$500 million notes issued June 2014		
4.95% 10-year notes due July 2024	**149.8**	149.2
$300 million notes issued June 2013		
Series B - 4.78% 10-year notes due June 2023 ($265 million)	**240.4**	240.2
$500 million notes issued March 2012		
Series B - 4.36% 8-year notes due March 2020 ($85 million)	**—**	56.2
Series C - 4.76% 10-year notes due March 2022 ($200 million)	**190.5**	190.3
Series D - 4.91% 12-year notes due March 2024 ($140 million)	**135.4**	135.3
	$ 996.5	$ 1,051.3
Revolving credit facility		
Revolving credit facility (net of capitalized debt issuance costs)	**(2.7)**	(3.4)
Total debt (i)	**$ 993.8**	$ 1,047.9
Less: current portion of long-term debt (Note 26)	**—**	(56.2)
Long-term debt	**$ 993.8**	$ 991.7

(i) Balances are net of unamortized discounts and capitalized transaction costs of $8.0 million (2019: $10.1 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 March 2020, the Company repaid the remaining outstanding balance on the B Series of the senior notes issued in March 2012, which became due. The Company's next repayment on the senior notes is not until March 2022.

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 down $200.0 million during the first quarter of 2020 as a precaution given the uncertainty associated with the COVID-19 pandemic, and repaid $100.0 million of this during the second quarter of 2020, and the remaining outstanding balance of $100.0 million during the fourth quarter of 2020.

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, 2020.

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, 2020, the present value of the environmental rehabilitation provision relating to the Company's mining properties was estimated at $392.7 million (December 31, 2019: $220.4 million) using discount rates ranging between 0.08% and 52.76% (December 31, 2019: 1.77% and 16.16%). The undiscounted value of these liabilities was $527.1 million (December 31, 2019: $272.0 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.

		2020		2019
Balance, beginning of year	**$**	**220.4**	$	250.3
Environmental rehabilitation provisions acquired during the year (Note 6)		**85.7**		—
Accretion expense included in finance costs		**9.0**		12.1
Revisions in estimates and obligations		**82.4**		25.9
Expenditures during the current year		**(3.2)**		(4.3)
Foreign exchange impact		**(1.6)**		(3.8)
Reclassified to liabilities relating to assets held for sale		**—**		(59.8)
Balance, end of year	**$**	**392.7**	$	220.4
Current (i)	**$**	**29.2**	$	5.7
Non-current		**363.5**		214.7
	$	**392.7**	$	220.4

(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, 2020, the Company had outstanding letters of credit in the amount of $66.4 million (C$84.6 million) (December 31, 2019: $70.1 million (C$91.1 million)) representing guarantees for reclamation obligations and road construction relating to the Company's share of mining interest in Canadian Malartic, and $20.1 million (December 31, 2019: $nil) and $13.7 million (December 31, 2019: $13.6 million) representing guarantees for reclamation obligations relating to the Company's Chilean mines and US properties, respectively. The Company's MARA Project also had outstanding bank guarantees for reclamation obligations totalling $55.6 million, for which an equivalent amount of cash collateral had been posted. 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, 2020 (2019: nil).

For the years ended December 31,	**2020**		2019	
Issued and outstanding - 952,620,947 common shares (December 31, 2019 - 950,435,244 common shares):	**Number of common shares** ***(In thousands)***	**Amount** ***(In millions)***	Number of common shares *(In thousands)*	Amount *(In millions)*
Balance, beginning of year	**950,435**	**$ 7,639.9**	949,342	$ 7,636.4
Exercise of options and share appreciation rights	**167**	**0.9**	—	—
Issued on vesting of restricted share units	**1,100**	**3.4**	1,021	3.4
Dividend reinvestment plan (i)	**70**	**0.5**	77	0.2
Issuance of flow-through shares (ii)	**1,000**	**5.3**	—	—
Share cancellations and other adjustments (iii)	**(151)**	**(1.1)**	(5)	(0.1)
Balance, end of year	**952,621**	**$ 7,648.9**	950,435	$ 7,639.9

(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. At December 31, 2020, a total of 6,713,636 shares have subscribed to the plan. 5

(ii) On July 3, 2020, the Company closed a flow-through financing for proceeds of $7.4 million (C$10.0 million) consisting of the issue and sale of 1,000,000 flow-through common shares at a price of C$10.00 per share. The proceeds were allocated between the offering of shares and the sale of tax benefits. The allocation was made based on the difference between the quoted price of the shares and the amount the investors paid for the shares, with a deferred flow-through premium liability recognized for the difference. Accordingly, the Company recorded share capital of $5.3 million (C$7.2 million) and a deferred flow-through premium liability of $2.0 million (C$2.7 million). The liability will be reversed and a tax recovery recognized upon filing of the appropriate renunciation forms with the Canadian taxation authorities for qualifying expenditures previously incurred. As at December 31, 2020, the Company had incurred $1.9 million of expenditures in relation to the financing; the Company has until December 31, 2021 to fulfil its obligation by incurring Canadian exploration eligible flow-through expenditures.

(iii) Includes the cancellation of 150,456 common shares that were not exchanged by holders of Osisko common shares pursuant to the terms of the Plan of Arrangement related to the acquisition of the Canadian Malartic mine in 2014. Holders of Osisko common shares were to exchange their shares for common shares of Yamana within a time period of six years following the closing of the transaction. As certain Osisko shareholders failed to surrender their certificates representing Osisko common shares by June 16, 2020, non-certificated positions representing 150,456 Yamana common shares were cancelled during the third quarter of 2020.

Dividends Paid and Declared

For the years ended December 31,	**2020**	2019
Dividends paid	**$ 53.0**	$ 23.7
Dividends declared in respect of the year	**$ 69.1**	$ 28.8
Dividend paid *(per share)*	**$ 0.06**	$ 0.03
Dividend declared in respect of the year *(per share)*	**$ 0.07**	$ 0.03

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,	**2020**	2019
Expense related to equity-settled compensation plans	**$ 4.4**	$ 4.6
Expense related to cash-settled compensation plans	**27.1**	10.4
Total expense recognized as compensation expense	**$ 31.5**	$ 15.0

As at December 31,	**2020**	2019
Total carrying amount of liabilities for cash-settled arrangements (Note 26)	**$ 38.4**	$ 28.0

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

As at December 31, (In thousands)	**2020**	2019
Share options outstanding (i)(ii)(iii)	**256**	1,286
Restricted share units ("RSU") (iv)	**2,494**	2,448
Deferred share units ("DSU") (v)(vi)	**4,751**	4,881
Performance share units ("PSU") (vii)	**2,119**	2,274

(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 (2019: 24.9 million).

(ii) As at December 31, 2020, 256,348 share options with a weighted average exercise price of C$5.30 were outstanding and exercisable (December 31, 2019: 1,286,448 share options with a weighted exercise price of C$7.98 outstanding and exercisable).

(iii) During the year ended December 31, 2020, no share options were granted, 166,764 share options were exercised with a weighted average price of C$7.12 on the date of exercise, and 863,336 share options expired.

(iv) During the year ended December 31, 2020, the Company granted 1,229,957 RSUs with a weighted average grant date fair value of C$4.96 per RSU; a total of 1,099,890 RSUs vested and the Company credited $3.4 million (2019: $3.4 million) to share capital in respect of RSUs that vested during the year. There were a total of 83,535 RSUs cancelled during the year ended December 31, 2020.

(v) During the year ended December 31, 2020, the Company granted 222,973 DSUs and recorded an expense of $1.1 million, and 353,080 DSUs were settled.

(vi) During the fourth quarter of 2020, 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 4.2 million DSUs (approximately 88% of outstanding DSUs at the time) at a value of C7.26 per share. For the year ended December 31, 2020, the Company recorded a mark-to-market loss on DSUs of $7.6 million and a mark-to-market gain on the DSU hedge of $0.5 million.

(vii) During the year ended December 31, 2020, 1,110,446 PSU units were granted with an expiry date of December 31, 2022 and a fair value of C$10.87 per unit at December 31, 2020. There were payouts of 1,182,980 PSU units and cancellation of 82,392 PSU units during the year ended December 31, 2020.

32. NON-CONTROLLING INTERESTS

As at December 31,		**2020**		2019
Agua De La Falda S.A. (i)	**$**	**18.7**	$	18.7
Estelar Resources S.A. (ii)		**16.0**		16.0
Minera Agua Rica Alumbrera Ltd. (iii)		**791.3**		—
	$	**826.0**	$	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 S.A. 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.

(iii) On December 17, 2020, the Company, along with partners Glencore and Newmont, completed the integration of the Agua Rica project with the Alumbrera plant and infrastructure, pursuant to which, Yamana relinquished a non-controlling interest in Agua Rica for an increased interest in Alumbrera. Upon completion of the integration transaction, Yamana owned 56.25%, with Glencore and Newmont owning 25.00% and 18.75%, respectively, of Minera Agua Rica Alumbrera Ltd., the legal entity that indirectly holds the integrated MARA project. As at December 31, 2020, Minera Agua Rica Alumbrera Ltd. had current assets of $241.9 million, non-current assets of $1,867.7 million, current liabilities of $45.8 million and non-current liabilities of $383.3 million. Net loss (and therefore, net loss attributable to non-controlling interests) and cash flows for the 14 day period between completion of the integration transaction and December 31, 2020 were negligible. Refer to *Note 6* for further details on the integration transaction.

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

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 December 31, 2019	$ 7.1	$ 13.5	$ 22.7	**$ 43.3**
Additions	7.6	2.2	0.6	**10.4**
Depreciation charge for the year	(1.3)	(10.3)	(9.2)	**(20.8)**
Balance at December 31, 2020	**$ 13.4**	**$ 5.4**	**$ 14.1**	**$ 32.9**

	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

	2020	2019
Maturity analysis - contractual undiscounted cash flows		
Less than one year	**$ 11.7**	$ 19.6
Two to three years	**17.4**	20.0
Four to five years	**9.7**	9.6
More than five years	**15.2**	1.6
Total undiscounted lease liabilities at December 31	**$ 54.0**	$ 50.8
Lease liabilities included in the balance sheet at December 31 (Note 26)	**$ 35.2**	$ 43.5
Current	**$ 12.9**	$ 15.5
Non-current	**$ 22.3**	$ 28.0

(c) Amounts recognized in net earnings

	2020	2019
Depreciation expense on right-of-use assets	**$ 20.8**	$ 17.2
Interest expense on lease liabilities (Note 12)	**$ 3.5**	$ 4.4
Variable lease payments not included in the measurement of lease liabilities (i)	**$ 61.2**	$ 73.8
Expenses relating to short-term leases	**$ 13.7**	$ 32.9
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	**$ 0.9**	$ 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

	2020	2019
Included within cash flows from operating activities	**$ 79.3**	$ 113.1
Included within cash flows used in financing activities	**17.1**	16.8
Total cash outflow for leases	**$ 96.4**	$ 129.9

35. COMMITMENTS AND CONTINGENCIES

In addition to entering into various operational commitments in the normal course of business, the Company had commitments of approximately $8.7 million at December 31, 2020 (December 31, 2019: $9.4 million) for construction activities at its sites and projects.

36. RELATED PARTY TRANSACTIONS

Related Parties and Transactions

The Company's related parties include its subsidiaries, associates, 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, 2020 and 2019.

Compensation of Key Management Personnel

Key management personnel compensation comprises:

For the years ended December 31,		**2020**		2019
Short-term employee benefits (i)	**$**	**14.5**	$	14.2
Post-employment benefits		**1.9**		1.7
Termination benefits		**—**		3.4
Share-based payments (ii)		**17.5**		9.6
	$	**33.9**	$	28.9

(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.

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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 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 meet the Canadian, United States and United Kingdom legal requirements and best practices that apply to the Company. The Company continues to monitor governance developments to ensure our practices continue to be current and appropriate, and support our high standards of governance and stewardship.

Our governance practices meet the corporate governance requirements for a company with a listing on the standard segment of the Main Market of the London Stock Exchange (LSE), and most of our practices also meet the corporate governance listing standards of the New York Stock Exchange (NYSE) even though we are not required to as a foreign private issuer. You can find details about how our practices differ from the NYSE standards on our website (www.yamana.com).

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

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

Craig Ford
(incoming)
Senior Vice President,
Health, Safety and Sustainable Development

Ross Gallinger
(retiring)
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
London Stock Exchange: AUY

Capitalization

(millions of common shares)	
Outstanding at December 31, 2020	952.6
Weighted average 2020	
Basic	951.8
Fully diluted	953.8

2020 Common Share Trading Information

Ticker	Location	Closing price	High	Low
YRI	Toronto (C$)	7.27	9.04	3.75
AUY	New York (US$)	5.71	6.83	2.57
AUY	London (GB£)	429.00	477.50	380.00

Dividends

Yamana currently pays a quarterly dividend of US $0.02625 per share

2020 Dividend Schedule		**Anticipated 2021 Dividend Schedule**	
Record Date	Payment Date	Record Date	Payment Date
March 31, 2020	April 14, 2020	March 31, 2021	April 14, 2021
June 30, 2020	July 14, 2020	June 30, 2021	July 14, 2021
September 30, 2020	October 14, 2020	September 30, 2021	October 14, 2021
December 31, 2020	January 14, 2021	December 31, 2021	January 14, 2022

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 Through Computershare Trust Company at www.computershare.com/mailinglist

Transfer Agent

For information regarding shareholdings, dividends, certificates, change of address, electronic delivery, or exchange of share certificates due to an acquisition please contact:

Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario, Canada M5J 2Y1
Phone: 1 800 564 6253

Computershare Trust Company N.A.
462 S. 4th Street
Louisville, Kentucky
USA 40202
Phone: 1 800 962 4284
From all other countries
Phone: 1 514 982 7555
www.computershare.com

Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol, BS99 6ZZ
United Kingdom
Phone: +44 0 370 702 000
www-uk.computershare.com/Investor

Investor Contact

For additional financial information, industry developments, latest news and corporate updates:

Phone: 1 416 815 0220
Email: investor@yamana.com
Website: www.yamana.com

Auditors

Deloitte LLP

FTI Consulting (UK Public Relations)

+44 7974 201 715 / +44 203 727 1000
Email: yamana.gold@fticonsulting.com

Executive Office

200 Bay Street
Royal Bank Plaza, North Tower
Suite 2200
Toronto, Ontario
M5J 2J3
Phone: 1 416 815 0220
Fax: 1 416 815 0021

Annual General Meeting

Thursday, April 29, 2021
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