YAMANAGOLD

Annual Report 2013

YAMANAGOLD

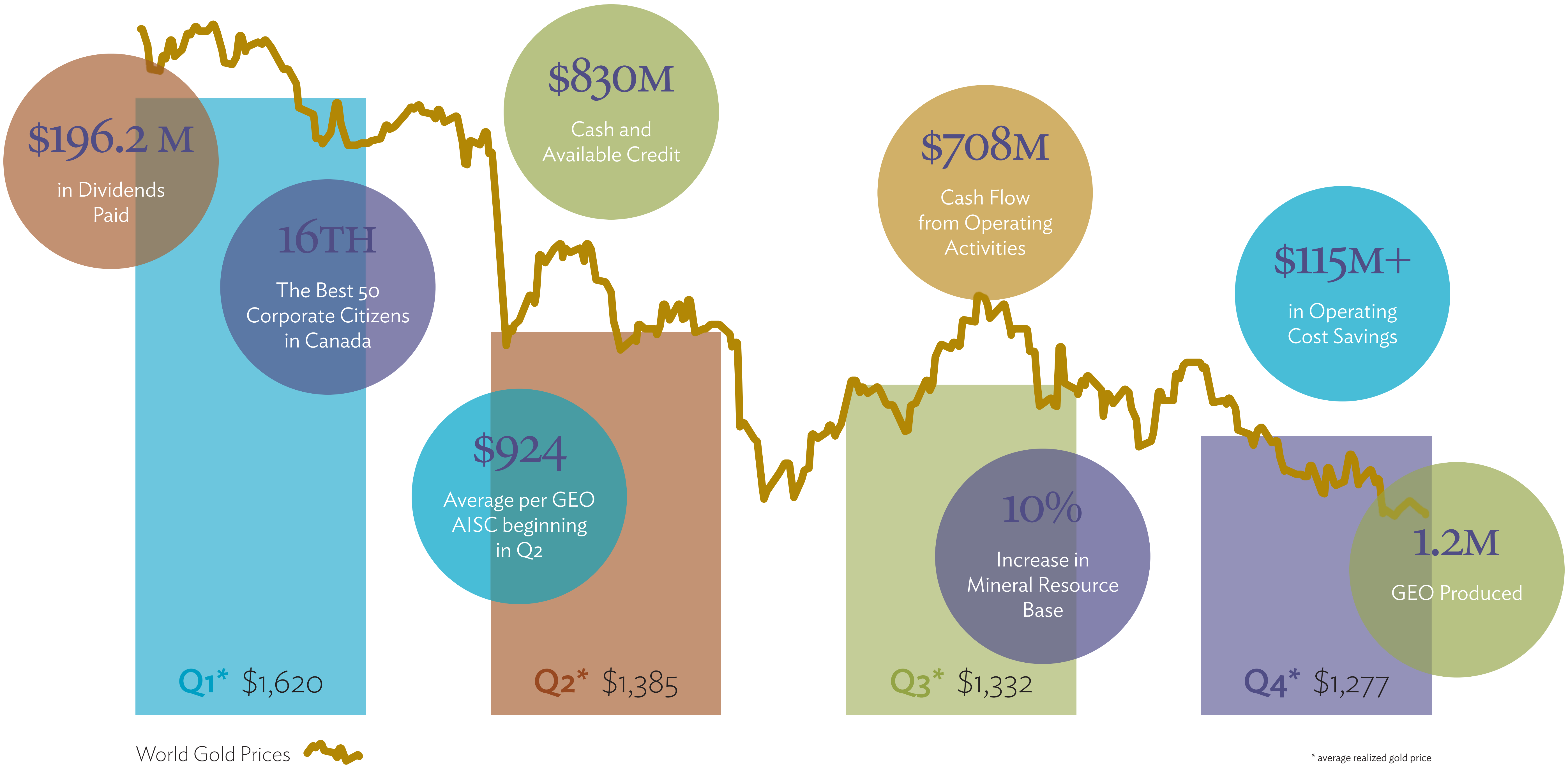
www.yamana.com

CREATING A STRONG balance between costs and production while generating cash flow.

Our Performance

"Most major gold companies lost at least half their value last year on the gold price plunge."

January 14, 2014 - GUNDLACH marketwatch.com



* average realized gold price

To our Shareholders

We aim to balance production growth, costs and cash flow growth.

- PETER MARRONE, CHAIRMAN & CEO

The precipitous decline in precious metal prices early last year and continued price volatility through the year certainly has had an adverse effect on our industry although in many ways it may have also provided our industry with an opportunity to look at how a balance can be created between production, on the one hand, and cost containment and margin preservation, on the other, with the objective of sustaining and maximizing cash flow. For many years, we have advocated a focus on cash flow. I am pleased to say that our quick response to the volatility in precious metal prices last year allowed us to focus on cost containment and, by the end of year, we achieved our objective of reducing costs and creating a baseline cash flow level. With this important point as a backdrop, I will address many of the important issues of 2013 and how our approach has positioned us well to achieve our objectives in 2014.

Response to the Change in the Gold Price Environment

In a time of volatile prices, it is important to recognize that risk of margin erosion increases if the focus remains only on top line production. Production is, and always will be, important, although not if there is a risk to margins or cash flow. The uncertainty created by the volatility of precious metal prices provided an added reason to compress costs and focus on margins and on the sustainability and maximization of cash flow.

In the context of a nearly thirty per cent decline in the price of gold in 2013, we implemented a series of cost-containment and margin-preservation initiatives to reclaim some of the lost margins. We worked at increasing efficiency at all of our operations, and the rapid change in the gold price provided an opportunity to be more aggressive in targeting areas that would most quickly produce sustainable reductions in our cost structure. With our second-quarter results, we announced a plan to reduce all-in sustaining costs and other capital spending. We expected these savings to reduce our all-in cost structure to a level below $925 per gold equivalent ounce, we treat silver as a gold equivalent and refer to these ounces as (GEO), and I am pleased that the average all-in sustaining cash costs for the final three quarters of 2013, reflecting the period following implementation of our cost-containment initiative, were $924 per GEO before applying by-product credits and below $850 per GEO after by-product credits. Simply put, we sought to create a better balance between costs and production and by year end, we succeeded.

2013 Production, Exploration & Financial Performance

As we created that balance, we produced 1.2 million GEOs at costs that continued to remain in the bottom decile of the industry. The majority of our operations, especially those that contribute the most to cash flow, continued to deliver strong results. A shortfall in production compared to overall production goals was attributed entirely to new operations, which experienced challenges and delays during commissioning, although they were not contributing to cash flow.

We view our assets as a portfolio. This approach provides flexibility and increases our ability to deliver on consolidated expectations, as underperformance, often temporary, at one operation can often be offset by outperformance at another, preferably one of our core operations. We consider core operations to be those that are well established and make the biggest contributions to cash flow. This does not mean that other operations are not important, they simply contribute less to cash flow.

In the context of a nearly thirty per cent decline in the price of gold in 2013, we implemented a series of cost-containment and margin-preservation initiatives to reclaim some of the lost margins.

We generated over $700 million of cash flow for the year. The trend in cash flow generation beginning in the second quarter was positive, after the significant change in precious metal prices, mostly as a result of our initiatives to contain costs and reclaim some lost margin. We continued to build the strength of our balance sheet and were also able to return value to shareholders through dividend payments that provided a yield that was among the highest in the industry.

Our exploration program also had another strong year in 2013. We achieved our priority of strengthening our mineral resource base, increasing total measured and indicated mineral resources by ten per cent and grade by five per cent. El Peñón, Mercedes, Gualcamayo and Minera Florida each contributed large increases. Also notable, at Cerro Moro we declared a maiden probable mineral reserve with an average grade of 24.34 grams per tonne, which is estimated to contain 1.5 million GEOs.

Progress with the New Operations

Our new operations have started production and are now in commissioning. A couple of these new operations experienced challenges and delays in 2013, some of which were expected in the normal commissioning of any mine, and some of which were unexpected challenges. By end of year, we had formulated a plan expected to provide a short and intermediate term solution and a longer term solution with a baseline of lower, although sustainable, level of production, with the opportunity for improvements in production after an initial period of sustainable production. At Pilar, new lower-profile equipment will increase dilution control and efficiency, and we are undertaking other initiatives to potentially improve production, including selectively mining higher grade ore shoots. At C1 Santa Luz, the installation of a thickener and a regeneration kiln are expected to improve recoveries and increase productivity for the short and medium terms as we continue to evaluate longer term plans to further increase recoveries and production levels.

It is well known that operations that are established and in full production are more predictable and reliable. As our new operations started ramping up, production levels fell short of expectations. However, the significant production improvements made from the third to the fourth quarters provides the confidence that higher production levels will be achieved this year and the operations will be better able to deliver on expectations.

PETER MARRONE
CHAIRMAN & CEO

Delivering Growth

With all of this in mind, we focus on both top-line and bottom-line growth with production, margins and cash flow as the dominant drivers. We aim to balance production growth, costs and cash flow growth.

Our philosophy is to strike the optimal balance between containing costs and increasing production to generate and sustain cash flow. We expect that by focusing on those metrics that contribute best to cash flow generation we will continue to deliver value to shareholders.

In that regard, we take some comfort that our challenges occurred at operations that are more modest contributors to production and cash flow. While we have every expectation that we will operate these mines efficiently, we are delighted that our core operations performed well and continued to perform well.

Our core operations include our Chapada, El Peñón, Mercedes and Gualcamayo mines. They contributed seventy per cent of production and ninety per cent of cash flow last year and we anticipate a comparable cash flow contribution going forward this year. While we have planned improvements at some of our other mines to increase their contributions to cash flow, our core operations are expected to continue to reliably contribute most significantly to cash flow.

Mergers & Acquisitions

In the context of the decline in metal prices, we are often asked about our approach to acquisitions. When we look at external opportunities we compare the value proposition with the value of our internal projects. We look for opportunities that are smaller in size, "bolt-on" rather than transformative in nature. We prefer to be in regions we understand and that have an established mining culture, so we can have a certain level of confidence in developing a project or operating a mine. In addition, we look for ore bodies that are similar to those at our existing operations and that use mining and processing methods in which we are experienced and that are part of our core competencies.

We continue to look at, and evaluate, external projects and opportunities that would complement our existing portfolio. However, with the high-grade, high-quality projects that are currently being advanced through our project pipeline, including Cerro Moro and Suyai, the potential value presented by external projects needs to exceed the value presented by either of these two projects.

Philosophy on Political Risk

We aim to operate in jurisdictions that have an established framework and appreciation for the benefits of mining and whose communities we can work with to ensure all parties benefit from our mining operations. However, even generally 'mining friendly' jurisdictions have varying levels of challenges and risks associated with operating a mine. We take a longer-term view when evaluating the socioeconomic and political environment of a region and believe it is important to look at the trend over the medium and longer term when assessing real risk. We also believe it is important to put in context the relative amount of our production and cash flow that is generated from our investments in a particular region when considering our exposure to political risk. Overall, we are satisfied that our mix of production reflects an acceptable level of risk exposure across the countries in which we operate.

2014 Expectations

That brings us to our position going forward. In 2014, we have budgeted production of 1.4 million GEOs at costs in line with the lower cost structure we established by the end of 2013. Our production budgeting process includes an evaluation process to identify ounces in production for which we have lower and higher levels of certainty or reliability on ability to produce, costs or cash flow. For 2014, approximately five per cent of budgeted production would be within this category. Again, it is about balancing production, containing costs and margin preservation to better protect the generation of sustainable cash flow.

We will aim to upgrade some of the 2013 mineral resource increases to mineral reserves.

We expect to declare commercial production at our operations in commissioning and move forward with the next phase of our growth by making a construction decision on Cerro Moro and applying for permits for Suyai.

As always, we remain committed to the wellbeing of our employees and the communities in which we operate, and will continue to focus our health, safety, environment and community activities to provide the safest and most beneficial environment possible.

We will work towards all of the above while continuing to strike an appropriate balance between production increases, costs and cash flow generation, and continuing to strengthen the balance sheet to maintain flexibility.

Longer Term Objectives

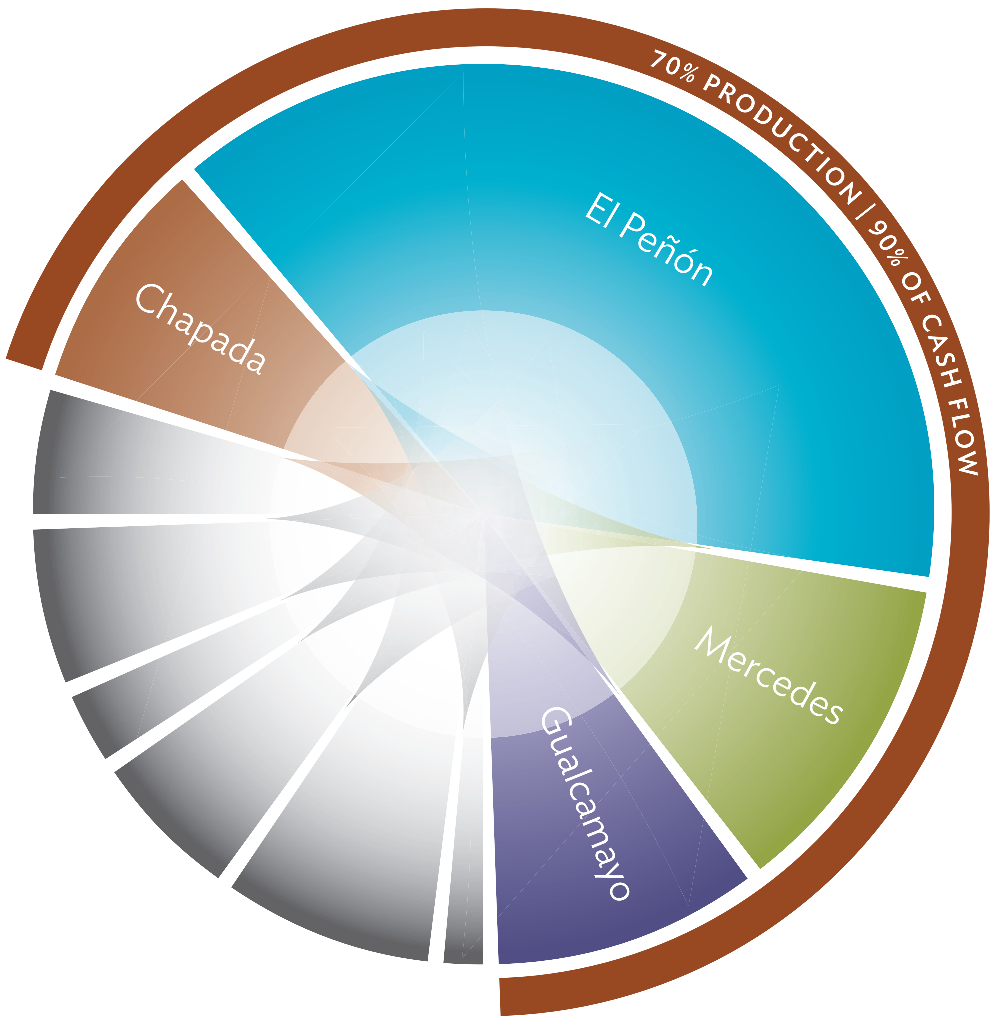
Our longer term objective is to attain sustainable production over 1.5 million GEOs while continuing our focus on costs and generating cash flow. We expect to achieve this goal from our existing portfolio of assets. And while top-line growth is important, we will continue our equally important focus on bottom-line growth as well. Striking a balance of growth across all measures has delivered value to date, and we expect this strategy to continue delivering the best value to shareholders.

I wish once again to thank all who have contributed to Yamana's successes. We appreciate the partnerships we have established with our local communities and look forward to continuing these going forward. This year especially, I wish to recognize our dedicated workforce, which has managed to deliver positive results in a challenging environment.

I look forward to building on last year's accomplishments in the years to come.

"Peter Marrone"

PETER MARRONE
CHAIRMAN & CEO

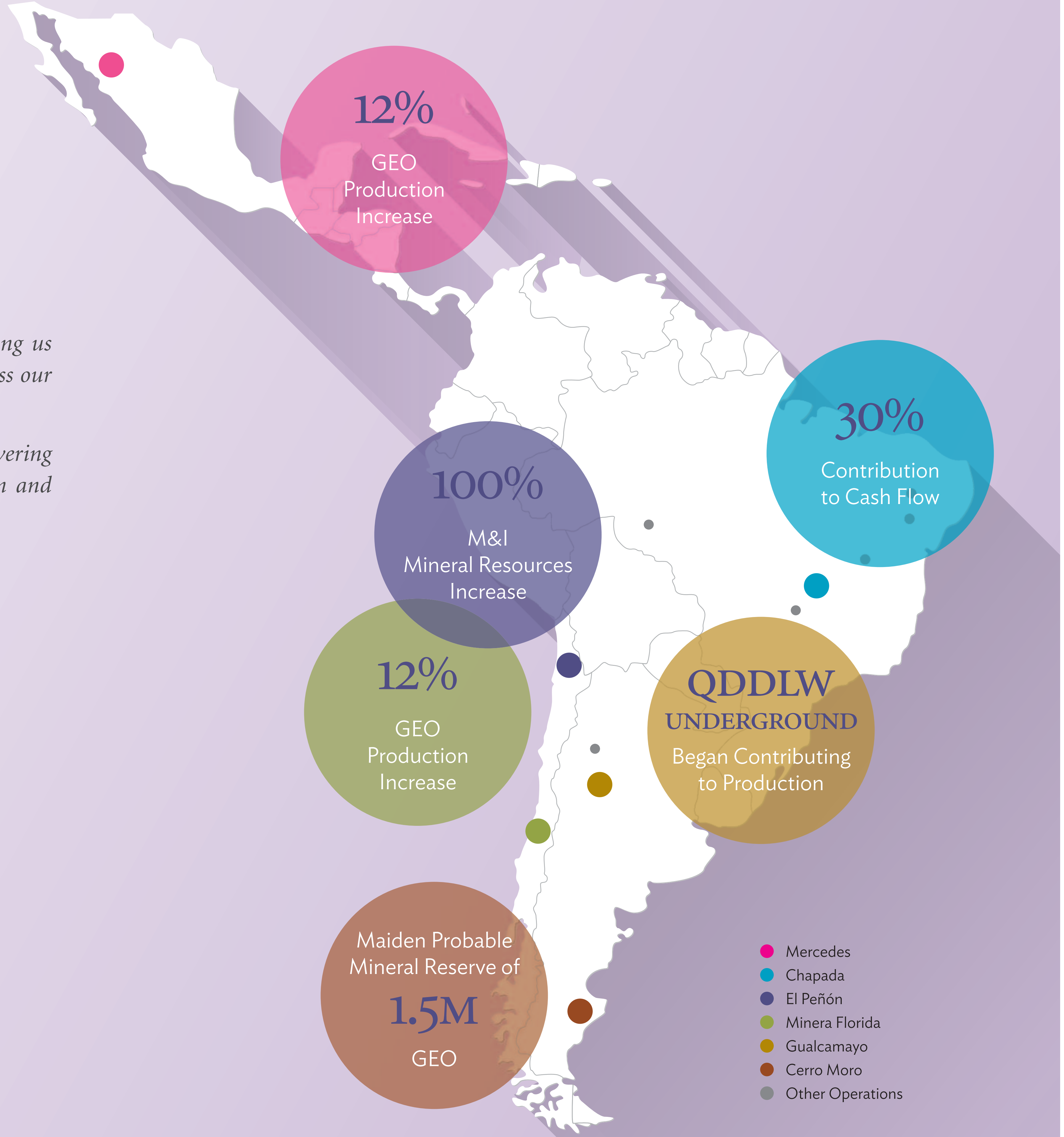


SIGNIFICANT CONTRIBUTION to production and cash flow from cornerstone assets.

Our Portfolio

Yamana takes a portfolio approach to managing our assets allowing us to minimize risk to our shareholders by balancing performance across our portfolio.

We also evaluate the composition of the portfolio to ensure we are delivering on our commitment to create value through growth in production and cash flow.



CHAPADA BRAZIL

The Chapada open pit gold-copper mine, located northwest of Brasília in Goiás state, began production in 2007. This low cost operation contributes significantly to overall cash flow generation. Initiatives planned include installation of an in-pit crusher to increase throughput and modifications to the grinding circuit. A new gold-copper ore body, Corpo Sul, is slated for development in the fourth quarter of 2014 and represents the most prospective opportunity to enable future sustainable production of at least 130,000 GEO and 130 million pounds of copper per year. Other potential ore bodies remain under evaluation.

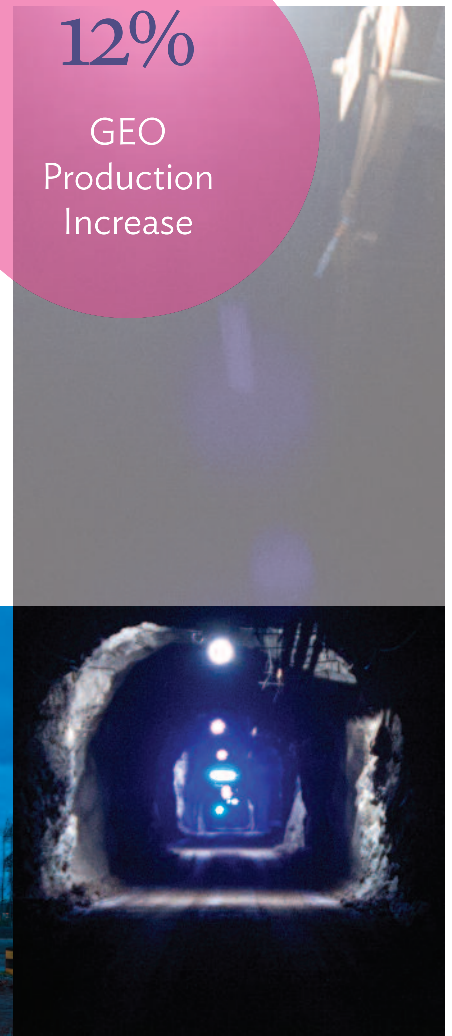
2013 Production: 110,618 GEO at cash costs of $400/GEO and 130 million pounds of copper at $1.65 per pound.

30%

Contribution to Cash Flow

12%

GEO Production Increase



MERCEDES MEXICO

Mercedes is an underground gold-silver mine located in Sonora, Mexico. The mine continued to exceed expectations in its second year of operation, with GEO production increasing by 12% over 2012. Development is continuing at the Barrancas zone, the location of the higher grade Lagunas Norte vein, one of the newest discoveries at the mine. Exploration efforts in 2013 focused on adding new ounces to the mineral resource inventory. Measured and indicated gold equivalent mineral resources increased by 26%.

2013 Production: 141,618 GEO at cash costs of $496/GEO.

EL PEÑÓN CHILE

El Peñón is a high grade gold-silver underground mine located about 160 kilometres southeast of Antofagasta in northern Chile. Production in 2013 again exceeded expectations, yielding nearly 470,000 GEO from our flagship precious metal mine. Exploration has been ongoing for 20 years at El Peñón and has a long track record of replacing ounces mined. The 2013 exploration program focused on building the mineral resources base. The 2014 program will focus on converting mineral resources to mineral reserves. Exploration results continue to indicate the potential for an increased mine life at El Peñón at a normalized, sustainable production level of approximately 440,000 GEO per year.

2013 Production: 467,523 GEO at cash costs of $485/GEO.

100%

M&I Mineral Resources Increase

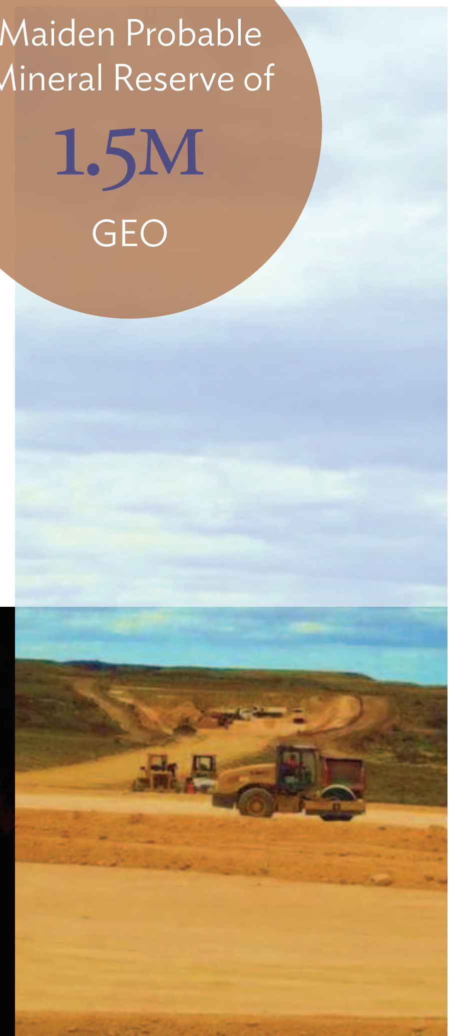
GUALCAMAYO ARGENTINA

The Gualcamayo mine is an open pit, heap leach operation with three substantial zones of gold mineralization, located in the San Juan province of Argentina. The mine underwent a transition in 2013 as the open pit operation at QDD Main moved into Phase III in August and the QDD Lower West ("QDDLW") underground expansion began contributing to production in the fourth quarter. Production from Gualcamayo is expected to increase throughout the year as the QDDLW underground operation ramps up. Other plans for 2014 include an initiative to reduce development costs by transitioning to an in-house development team for the underground mine by the second half of 2014.

2013 Production: 120,337 GEO at cash costs of $772/GEO.

QDDLW UNDERGROUND
Began Contributing to Production

Maiden Probable Mineral Reserve of
1.5M
GEO



CERRO MORO ARGENTINA

Cerro Moro is a high-grade gold-silver deposit located in the Santa Cruz province of Argentina with similarities to the deposits at the El Peñón and Mercedes mines. In 2013, work continued on updating the feasibility study which is expected to be completed in 2014. The parameters of the updated feasibility study include an initial capital investment of approximately $150 million, throughput of fewer than 750 tonnes per day and expected annual production of approximately 150,000 GEO at costs consistent with Yamana's current cost structure. A maiden probable mineral reserve of 1.53 million GEO at an average grade of 24.34 grams per tonne in contained ounces was declared in 2013.

MINERA FLORIDA CHILE

Minera Florida is an underground gold-silver mine located south of Santiago in central Chile, and has been in operation for over 20 years. In 2013 the retreatment of historic tailings contributed to production for the first year of a planned five year contribution. In addition to production growth, 2013 achieved an increase in mineral resources and developed new targets for testing in 2014.

2013 Production: 118,590 GEO at cash costs of $747/GEO.

12%
GEO Production Increase

www.yamana.com

JACOBINA BRAZIL

The Jacobina mine consists of a complex of underground gold mines and is located in Bahia state in northeastern Brazil. Gold output in 2013 reflected a production plan revised early in the year to focus on improving costs and underground development. The longer term focus at Jacobina remains on the development of higher grade areas to return the operation to more normalized sustainable production of 120,000 ounces.

2013 Production: 73,695 ounces at cash costs of $1,174/oz.

FAZENDA BRASILEIRO BRAZIL

Fazenda Brasileiro is an underground gold mine located in Bahia state in northeast Brazil. The mine consistently delivers and has been in operation for over 20 years and has a proven track record of replacing mineral reserves as they have been mined as well as extending mine life.

2013 Production: 70,079 oz. at cash costs of $808/oz.

PILAR BRAZIL

Pilar is an underground gold mine located in Goiás state in central Brazil. The mine began commissioning in July 2013 and continued through year-end. New low profile equipment whose purpose is to improve dilution and productivity will be operational in 2014 and better positions the mine to meet expectations. Ore from the Caiamar satellite deposit is expected to be processed at Pilar with the higher grades offsetting the additional transportation costs. Further initiatives to potentially improve future production include selectively mining the higher grade ore shoots and expediting the Maria Lazarus target through the development cycle.

2013 Commissioning Production: 15,374 oz.

C1 SANTA LUZ BRAZIL

C1 Santa Luz is an open pit gold mine located in Goiás state, 160 kilometres east of Yamana's Jacobina mine. It began commissioning in mid-2013 and is progressing with a steady state ramp-up. Certain processing improvements at C1 Santa Luz are being implemented which are expected to improve recoveries and include the introduction of a thickener and regeneration kiln. The transition into fresh sulphide ore and stockpiled material from the commissioning phase will provide additional flexibility for the operation as process improvements are implemented and take hold.

2013 Commissioning Production: 12,997 oz.

ERNESTO/PAU-A-PIQUE BRAZIL

Ernesto/Pau-a-Pique is a gold mine located in Mato Grosso state in western Brazil. It was originally planned as a combination open pit at Ernesto and underground operation at Pau-a-Pique with a common plant. The plan has been re-envisioned as a near-to-surface underground operation at Ernesto with a continued underground operation at Pau-a-Pique. Yamana continues to evaluate other opportunities at Ernesto/Pau-a-Pique, including various satellite open pit deposits already identified that could further contribute to the operation. An access ramp at Ernesto is being developed to evaluate the near surface underground ore body at Ernesto.

2013 Commissioning Production: 27,571 oz.

SUYAI ARGENTINA

Suyai is a high-grade gold-silver deposit located in the Chubut province of Argentina with similarities to the deposits at El Peñón, Mercedes and Cerro Moro. The Company expects to apply for needed permits in 2014 as studies were ongoing in 2013. The plan being evaluated is a smaller scale underground operation with off-site processing or direct sale of a precious metals concentrate. The parameters of the current plan include an initial capital investment of approximately $220 million, initial throughput of 1,150 tonnes per day with the ability to expand over time and expected annual production of approximately 150,000 GEO at costs consistent with Yamana's current cost structure.

www.yamana.com

YAMANA EXPLORATION

Exploration continues to be the key to unlocking value from Yamana's portfolio. The successful 2013 exploration program spent $112 million and focused on mineral resource discovery and mineral reserve growth at our existing operations and development projects, as well as on new discoveries to continue developing the project pipeline.

The 2013 program delivered its seventh consecutive year of mineral resource increases. A significant portion of the mineral resource increases were delivered at the core cash flow generating operations as the focus remains on allocating capital to the opportunities that have the most potential to contribute to cash flow in the near to medium term. The 2014 program will continue with the focus of finding high quality ounces, those with the greatest potential to most quickly generate cash flow, and upgrading mineral resources to mineral reserves.

Highlights of the 2013 exploration program include:

- Increased total mineral resources by 10% with a 5% increase in grade
- Increased total inferred mineral resources by 32%
- Identified southwest-trending higher grade gold and copper mineralized zones that will be upgraded to enhance the mineral resource base at Corpo Sul, a gold and copper deposit at the southwest end of the main ore body of Chapada
- New vein structures within the Providencia system at El Peñón ,NW1, NW2, and NW3, identified narrow to moderate widths of moderate to high grade gold and silver
- Discovered a new vein structure, Borde Oeste, at El Peñón
- Successful results from testing of numerous targets within Mina Este structural zone contributed to expansion of mineral resources by 49% at Minera Florida
- Continued expansion of new sulphide mineralization beneath QDDLW increased the contained gold in the deposit to over 1 million ounces; Yamana is now undertaking a study for recovery of gold from sulphide ore given the total size of the sulphide resource at Gualcamayo
- Introduced a maiden probable mineral reserve estimate at Cerro Moro of 1.5M GEO at 24.34 g/t in contained ounces

Refer to pages 140-145 for complete information relating to mineral reserves and mineral resources for all Yamana mines and projects as at December 31, 2013.

www.yamana.com

YAMANA CSR

Corporate social responsibility is a core value at Yamana. Health, safety, environment and community relations programs are integrated into all operations. Yamana recognizes the importance of striving to meet and exceed its corporate social responsibility objectives and the role these efforts have in Yamana delivering on its overall objective of creating value for all stakeholders.

The Yamana Management System is an integrated tool used at all operations to assess risk, identify all legal and contractual requirements, define objectives and targets, and includes procedures to ensure compliance with approved policies and management programs.

Yamana continuously evaluates and updates policies and programs as it strives to exceed applicable international standards while continuing to build strong relationships with employees, local communities, all levels of government and all other stakeholders.

Highlights of the 2013 corporate social responsibility program include:

- Ranked 16th in Corporate Knights magazine's The 50 Best Corporate Citizens in Canada
- A solid waste disposal centre was donated and built for Jachal, the city closest to Yamana's Gualcamayo mine
- At Chapada environmental tests were carried out to evaluate tailings storage facilities and waste rock piles to update the plan for future reclamation activities
- Additional indicators were developed in support of continuously improving Yamana's occupational health management
- The Planned Observation of Task tool was implemented at various sites to ensure activities and operations are consistent with Yamana's approved procedures for safer operations
- Yamana's Integration Program that provides support to local communities in the areas of health, environment, community and family increased total attendance and participation
- The Citizen Meeting program which was developed to promote two-way communications with communities is now in place at all operations

Full details of Yamana's 2013 corporate social responsibility program will be contained in the 2013 Sustainability Report, to be published in mid-2014.

$1.84 Billion in Revenues

$273.4 Million in Adjusted Earnings

7% Decrease in G&A

$707.9 Million in Cash Flow

$196.2 Million in Dividends Paid

$830 Cash & Available Credit

FINANCIALLY WE DELIVERED on our stated focus of generating robust levels of cash flow.

(All figures are in United States Dollars unless otherwise specified and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). This Management's Discussion and Analysis of Operations and Financial Condition should be read in conjunction with the Company's most recently issued annual consolidated financial statements for the year ended December 31, 2013 ("Consolidated Annual Financial Statements").

Cautionary notes regarding forward-looking statements follow this Management's Discussion and Analysis of Operations and Financial Condition.

Management's Discussion & Analysis of Operations & Financial Condition

1 Core Business

Yamana Gold Inc. (the "Company" or "Yamana") is a Canadian-headquartered gold producer engaged in gold mining and related activities including exploration, extraction, processing and reclamation. The Company has significant precious metal properties and land positions throughout the Americas including in Brazil, Chile, Argentina and Mexico.

The Company plans to continue to build on its current production base through existing operating mine expansions and development of new mines, advancement of its exploration properties and by targeting other gold consolidation opportunities with a primary focus in the Americas.

Note 34(a) Related Parties to the most recently audited Consolidated Annual Financial Statements lists Yamana's significant subsidiaries with 100% equity interest. The Company does not have any material off-balance sheet arrangements, except as noted in *Note 32 Contractual Commitments* to the Consolidated Annual Financial Statements.

Yamana is listed on the Toronto Stock Exchange (Symbol: YRI) and the New York Stock Exchange (Symbol: AUY).

2 Highlights

The Company's focus continues to be on ensuring a balance between costs and production, margin preservation and on the generation and protection of cash flow. The Company continues to believe this balanced approach is appropriate and prudent to create value in the prevailing commodity price environment.

Financial

For the year ended December 31, 2013

- Revenues of $1.84 billion.
- Net loss[a] of $446.2 million or $0.59 loss per share, after impairment charges related to mineral properties of $546.1 million, net of taxes.
- Adjusted earnings[b] of $273.4 million or $0.36 adjusted basic and diluted earnings per share[b].
- Mine operating earnings of $540.8 million.
- Cash flows from operating activities after changes in non-cash working capital of $653.1 million and cash flows from operating activities before changes in non-cash working capital* of $707.9 million.

For the three months ended December 31, 2013

- Revenues of $420.7 million.
- Net loss[a] of $583.9 million or $0.78 loss per share, after impairment charges related to mineral properties of $535.8 million, net of taxes.
- Adjusted earnings[b] of $36.7 million or $0.05 adjusted basic and diluted earnings per share[b].
- Mine operating earnings of $70.1 million.
- Cash flows from operating activities after changes in non-cash working capital of $184.8 million and cash flows from operating activities before changes in non-cash working capital* of $165.3 million.

(a) Attributable to Yamana equity holders, after deducting non-controlling interest's share of non-recurring impairment charge.
(b) A non-GAAP measure – Refer to *Section 14*.

Operational

For the year ended December 31, 2013

- Production of 1.20 million gold equivalent ounces ("GEO")[(a)].
- Commercial production of 1.14 million GEO.
- Production from operating mines is summarized as follows:

For the years ended December 31, (In GEO)	2013	2012
Chapada	110,618	128,171
El Peñón	467,523	462,496
Mercedes[(d)]	141,618	126,010
Gualcamayo	120,337	147,310
Jacobina	73,695	116,863
Minera Florida	118,590	105,679
Fazenda Brasileiro	70,079	67,130
Ernesto/Pau-a-Pique[(b)]	27,571	1,274
C1 Santa Luz[(b)]	12,997	-
Pilar[(b)]	15,374	-
Alumbrera (12.5%)	39,157	46,077
Total	1,197,559	1,201,010

- Production of 8.4 million silver ounces.
- Copper production from Chapada of 130.2 million pounds.
- By-product cash costs[(c)] of $410 per GEO.
- Co-product cash costs[(c)] of $596 per GEO and $1.65 per pound of copper from Chapada.
- All-in sustaining cash costs[(c)] of $814 per GEO on a by-product basis and $947 per GEO on a co-product basis.
- Average all-in sustaining cash cost on a co-product basis for the last three quarters was below $925 per GEO exceeding expectations of the cost containment initiative implemented in the second quarter.
- Jacobina, Brazil – Production met the revised goals that were set in the first quarter of 2013 and more importantly, the near term objectives relating to the improvement of costs and underground development were met.
- Mercedes, Mexico – GEO production was 12% higher than 2012.
- Minera Florida, Chile – GEO production was 12% higher than 2012 with new production from the tailings retreatment plant that started in September 2012.

For the three months ended December 31, 2013

- Production of 303,768 GEO.
- Commercial production of 277,447 GEO.
- Production from operating mines is summarized as follows:

For the three months ended December 31, (In GEO)	2013	2012
Chapada	29,817	32,498
El Peñón	101,364	128,119
Mercedes	31,716	39,443
Gualcamayo	34,929	31,502
Jacobina	19,519	28,337
Minera Florida	30,513	32,797
Fazenda Brasileiro	18,270	18,251
Ernesto/Pau-a-Pique[(b)]	9,707	1,274
C1 Santa Luz[(b)]	6,120	-
Pilar[(b)]	10,494	-
Alumbrera (12.5%)	11,319	10,769
Total	303,768	322,990

- Production of 2.2 million silver ounces.
- Copper production from Chapada of 36.0 million pounds.
- By-product cash costs[(c)] of $417 per GEO.
- Co-product cash costs[(c)] of $647 per GEO and $1.53 per pound of copper from Chapada.
- All-in sustaining cash costs[(c)] of $754 per GEO on a by-product basis and $935 per GEO on a co-product basis.
- Minera Florida, Chile – GEO production increased each consecutive quarter; fourth quarter production was 11% higher than the third quarter and 15% higher than the second quarter of 2013 with decreases in co-product costs by 22% and 35% for the corresponding periods.
- Gualcamayo, Argentina – Gold production was 26% higher than the third quarter of 2013 with December and January 2014 production averaging over 14,000 ounces per month, consistent with plan and production objectives for the expanded operation.
- Fazenda Brasileiro, Brazil – Gold production was 9.3% higher than the third quarter of 2013.
- El Peñón, Chile & Mercedes, Mexico – Production levels decreased according to normal sequencing of mine plan to contain costs and better position those mines for 2014, although both produced at above guidance expectations.
- Pilar and Ernesto/Pau-a-Pique production increased by 115% and 46% respectively in the fourth quarter over third quarter levels with significant improvements occurring in December.
- Pilar, Brazil – Commissioning continued in the quarter. An infill drilling program is currently underway with a focus to ensure higher grade ore shoots can be mined efficiently. Additionally, the Company has elected to take Maria Lazarus through the development cycle on an expedited basis as the exploration drilling results to date indicate possible contribution to future production. Completion of commissioning is expected in the third quarter of 2014. New low-profile equipment arrived on site early in 2014.
- C1 Santa Luz, Brazil – Commissioning continued in the quarter. The gradual ramp-up at C1 Santa Luz was due to permitting, availability of equipment and the need to ensure sufficient water reserves for continuous operations, which are now in place.
- Ernesto/Pau-a-Pique, Brazil – The project (operation) was originally planned as a combination of an open-pit at Ernesto and an underground operation at Pau-a-Pique with a common plant. A plan has been developed which continues to include an underground operation at Pau-a-Pique but now contemplates a near-to-surface underground operation at Ernesto. These alternatives are under consideration.

(a) GEO assumes gold plus the gold equivalent of silver using a ratio of 50:1 for all periods presented.
(b) Commissioning production as the mine is not yet in commercial operation.
(c) A non-GAAP measure – refer to *Section 14*.
(d) Includes commissioning production of 8,959 GEO in January of 2012, commercial production started on February 1, 2012.

Construction and Development

- Chapada, Brazil – The Company continues to advance programs relating to the optimization of production that include the installation of an in-pit crusher and modifications to the grinding circuit. These initiatives will increase throughput and facilitate the development of new ore bodies including Corpo Sul in the fourth quarter of 2014. This will enable future production to continue at a rate of at least 130,000 GEO and 130 million pounds of copper annually.

- Cerro Moro, Argentina – Work continued at Cerro Moro toward the completion of its updated feasibility study including pre-development work and drilling to support the study and to grow the mineral resource base as well as further advancing the project for a reduced-scale operation. Subject to a positive feasibility study and market conditions, the Company plans to make a construction decision with a goal of initial production in 2016.

- Suyai, Argentina – The Company plans to apply for environmental permits in 2014. A number of relevant studies have already been completed and others are ongoing, which would position the Company well to apply for permitting this year. The current plan being evaluated includes an underground operation without any chemical processing onsite that will produce a precious metal concentrate that could be sold to third parties or potentially processed at Cerro Moro.

- Gualcamayo, Argentina – The QDD Lower West ("QDDLW") underground mine has started to contribute to production. Completion of the underground conveyor is expected in the second quarter and production is expected to ramp-up each quarter during the year.

Exploration

- Gualcamayo, Argentina – Exploration at Gualcamayo has focused on drilling targets surrounding the Rodado and QDD Lower West ("QDDLW") systems. Positive assays received from drilling in the fourth quarter continued to expand the mineral envelope of Rodado southwest and the potential orebody, which remains open along strike and down dip.

- Minera Florida, Chile – The near mine exploration program completed 4,510 metres distributed in 29 holes during the fourth quarter of 2013. The program tested targets within Mina Este such as Triangulo Mineralizado, Lisset and PVO and additional targets including Tribuna, Victoria and Hallazgo. Assay results continue to show positive results from most targets.

- C1 Santa Luz, Brazil – During the fourth quarter of 2013, the near-mine and district exploration drill programs completed 1,634 metres in eight holes. The near-mine program tested the up-dip extension of the southwestern deep target and completed infill holes and tested the northern extensions at Antas III. The regional program tested the Gravata and Rancho do Carneiro targets. Results from both programs are in-line with prior results and are being evaluated for economic potential.

- Ernesto/Pau-a-Pique, Brazil – A total of 13,928 meters were completed in 95 drill holes at the mine during the year to test near-mine targets and extensions. Several new mineral traps were discovered that host potential ore grade gold mineralization which could increase mineral resources and extend the life of mine.

- Pilar, Brazil – Underground mapping at Caiamar and sampling along with computer modeling of drill data has identified moderate to high grade inferred mineral resource ore shoots that will be drill-tested from the surface during 2014 to expand the mineral resource and mineral reserve base at Pilar.

- Cerro Moro, Argentina – The focus of the 2013 exploration program was to develop and test new targets that are both within and outside of the known mineralized structural blocks. During the fourth quarter, 1,077 metres in five holes were drilled to complete the 2013 exploration drill program. This drilling tested the Carlita, Patricia and Margarita veins in an effort to build and expand the known mineralization envelopes. The final hole of the year drilled at the southeast end of the Margarita system cut important gold and silver values leaving the structure open to the southeast and to depth.

3 Outlook and Portfolio

The Company continues to strive to deliver sustainable value. In doing so, the Company remains focused on cost control, operational performance and sustainable volume growth, always with a "simple to understand" objective of performing financially and maximizing cash flows. Emphasis remains on comparatively low costs to drive margins and cash flows, delivery of higher quality ounces and projects while maintaining disciplined capital spending, along with our commitment to adhere to the best practices for health, safety and environmental protection.

In response to the current volatile gold price environment which puts margins at risk, the Company has initiated cost containment and margin reclamation initiatives to focus on quality of ounces produced measured by contribution to cash flows instead of production volume alone. The cost containment and margin reclamation initiatives are consistent with the Company's established focus on cash flow generation. The Company believes prioritizing financial performance over production is an approach that will deliver value, particularly in periods of volatile and uncertain metal prices.

These initiatives have progressed since they were announced in the second quarter. Cost savings are being realized through reductions in operating costs, capital expenditures, exploration costs, and general and administrative costs, in addition to other areas. The Company's progress in executing its cost containment and margin reclamation initiatives is evidenced by a reduction of its all-in sustaining co-product cash costs per gold equivalent ounce ("GEO"). Average all-in sustaining cash costs ("AISC") for the last three quarters was below $925 per GEO on a co-product basis. The reduction in AISC on a co-product basis was primarily driven by:

- General and administrative expenses were $66 per GEO in the fourth quarter, compared to $88 per GEO in the second quarter, representing a 25% decrease.
- Sustaining capital expenditures were $197 per GEO in the fourth quarter, compared to $260 per GEO in the second quarter, representing a 24% decrease. Compared to the previous guidance of sustaining capital expenditure at $310 per GEO for 2013, the reduction was in excess of 55%.

Given the current metal price environment and significant precious metal price volatility, the Company continues to align its production expectation with the new price environment. As marginal ounces are at risk of eroding margins, the Company will be diligent in protecting margins through creating a base production level at a sustainable contained cost structure that will generate cash flow in the current and lower price environments. The Company will not sacrifice margin, or compromise cost structure, for volume growth until costs are believed to be contained so that new production will generate margins in current and lower metal price environments. With costs stabilizing at lower levels, the focus is now returning to maximizing production growth, while generating cash flows and free cash flows will always be the core focus.

The Company has budgeted production of 1.4 million GEO in 2014 at AISC below $850 per GEO on a by-product basis and $925 per GEO on a co-product basis. Silver production is expected to be approximately 8.8 million ounces in 2014 which is included in GEO. Estimated cash costs for 2014 are forecast to be in line with 2013 on both a co-product and by-product basis. Cash costs on a by-product basis are calculated after base metal by-product credits, which assumes a price forecast for copper of $3.20 per pound.

As part of the annual budgeting process, the Company has performed various evaluations to maximize the level of confidence and reliability in the forecast production, costs and cash flow generation capacity at every operation. These evaluations identify ounces that the Company considers to have a lower level of certainty or reliability on any of: production, costs or cash flow generation. For budgeted production in 2014, all of these ounces relate to new operations as they progress to full capacity. The Company considers 70,000 production ounces, or less than five per cent, of its budgeted production for 2014 to be within this category and most of these ounces would be in pre-commercial production and as such not impact its cash flow expectations for the year.

The Company strives to achieve budgeted production and conducts these evaluations for the purposes of stress testing its business plan and for evaluation of the proper balance between production and costs and other factors that may influence or affect cash flow. While the Company will make every effort to produce at budget levels, this approach provides a reasonable tool for assessing downside risk to production or where costs are at risk or where the level of reliability for certain production is below the level of total of its expected production. The Company remains focused on the generation and maximization of cash flow.

The table below provides the mine-by-mine 2014 production expectations according to budget.

(in GEO)	2014 Estimate
Chapada *(i)*	103,000
El Peñón *(i)*	448,000
Mercedes *(i)*	129,000
Gualcamayo	170,000
Jacobina	89,000
Minera Florida *(i)*	114,000
C1 Santa Luz	90,000
Ernesto/Pau-a-Pique	58,000
Pilar	90,000
Fazenda Brasileiro	64,000
Alumbrera (12.5% interest)	45,000
Total GEO	1,400,000
Total Copper – Chapada (millions of pounds)	134

(i) Silver production is reported as GEO at a ratio of 50:1.

Production in 2015 is expected to further increase. The Company is evaluating proposed plans for production increases in light of its philosophy of balancing production with costs.

Copper production is expected to be approximately 134 million pounds in 2014. This estimate reflects the production from Chapada and does not include the attributable copper production from the Company's 12.5% interest in Alumbrera.

Expansionary capital spending for 2014 is expected to be approximately $150 million (excluding capitalized interest), which is significantly lower than 2013 as the Company's newest operations ramp-up to commercial production and the Company continues to allocate capital to those opportunities that can most readily contribute to cash flow.

The Company expects to spend approximately $70 million on exploration in 2014. The 2014 exploration program will continue to focus on increasing mineral reserves and mineral resources with its near-mine and regional exploration programs, as well as continuing to explore identified greenfield targets and generate new targets.

In 2014, sustaining capital expenditures are expected to be in the range of $320 million to $340 million or approximately $250 per GEO. This allocates all capital to gold ounces with no consideration for copper. The Company treats copper as a by-product and applies all sustaining capital to GEOs. Sustaining capital expenditures are expected to decline in future years as a result, in part, of the cost saving initiatives related to maintenance and the expected growth in gold production. Sustaining capital is included in AISC.

For 2014, depreciation, depletion and amortization ("DD&A") is expected to be approximately $340 per GEO when excluding any allocation to copper as the Company treats copper as a by-product and applies all DD&A to GEO. General and administrative expenses are expected to be below $140 million, in line with 2013 levels. The effective tax rate for 2014 is forecast to be between 30% to 32%.

The Company continues to work toward the stated target of 1.5 million to 1.7 million GEO which it believes remains achievable with its existing portfolio of assets. However, with an extended timetable, this further growth can more efficiently be delivered at better costs. Exploration results continue to support the higher level of sustainable production through its producing mines. Details of the exploration program year to date can be found in *Section 7 Construction, Development and Exploration.*

The Company had approximately $830 million of available cash and undrawn credit at December 31, 2013.

4 Summary of Financial and Operating Statistics

4.1 Annual Financial Statistics

For the years ended December 31,	2013	2012	2011
(Loss)/earnings per share attributable to Yamana equity holders – basic & diluted	$ (0.59)	$ 0.59	$ 0.74
Adjusted earnings per share *(i)* – basic and diluted	$ 0.36	$ 0.93	$ 0.96
Dividends declared per share	$ 0.260	$ 0.240	$ 0.155
Dividends paid per share	$ 0.260	$ 0.225	$ 0.135
Weighted average number of common shares outstanding – basic (in thousands)	752,697	748,095	744,600
Weighted average number of common shares outstanding – diluted (in thousands)	752,697	749,591	746,144
(In thousands of United States Dollars; unless otherwise noted)			
Net (loss)/earnings attributable to Yamana equity holders	$ (446,247)	$ 442,064	$ 548,294
Adjusted earnings *(i)*	$ 273,358	$ 694,333	$ 712,896
Revenues	$ 1,842,682	$ 2,336,762	$ 2,173,325
Mine operating earnings	$ 540,778	$ 1,121,270	$ 1,099,874
Cash flows from operating activities	$ 653,135	$ 1,158,057	$ 1,225,782
Cash flows from operating activities before changes in non-cash working capital *(i)*	$ 707,861	$ 1,044,946	$ 1,266,373
Cash flows to investing activities	$ (1,053,410)	$ (1,498,030)	$ (846,075)
Cash flows (to)/from financing activities	$ 283,843	$ 146,399	$ (142,678)
Average realized gold price per ounce *(ii)*	$ 1,408	$ 1,670	$ 1,567
Average realized copper price per pound *(ii)*	$ 3.28	$ 3.60	$ 3.93
Average realized silver price per ounce *(ii)*	$ 23.73	$ 30.46	$ 35.19
Average market gold price per ounce *(iii)*	$ 1,411	$ 1,669	$ 1,573
Average market copper price per pound *(iii)*	$ 3.32	$ 3.61	$ 4.00
Average market silver price per ounce *(iii)*	$ 23.85	$ 31.17	$ 35.32

As at December 31,	2013	2012	2011
Total assets	$11,410,717	$11,800,163	$10,769,940
Total long-term liabilities	$ 3,615,242	$ 3,269,266	$ 2,783,786
Total equity	$ 7,158,105	$ 7,861,878	$ 7,491,523
Working capital	$ 81,093	$ 255,134	$ 608,021

(i) A cautionary note regarding non-GAAP measures and their respective reconciliations are included in *Section 14* including a discussion and definition of Adjusted Earnings, Adjusted Earnings per Share, and additional measures.

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

(iii) Source of information: Bloomberg.

4.2 Annual Operating Statistics

For the years ended December 31,		2013		2012
Gold Equivalent Ounces (GEO) Production *(i)*				
Brazil				
Chapada *(ii)*		110,618		128,171
Jacobina		73,695		116,863
Fazenda Brasileiro		70,079		67,130
Chile				
El Peñón *(ii)*		467,523		462,496
Minera Florida *(ii)*		118,590		103,818
Argentina				
Gualcamayo		120,337		147,310
Alumbrera *(iii)*		39,157		46,077
Mexico				
Mercedes *(ii)(v)*		141,618		117,051
Total commercial GEO production *(i)*		1,141,617		1,188,916
Commissioning GEO *(i)(v)*		55,942		12,094
Total GEO production *(i)*		1,197,559		1,201,010
By-product Cash Costs per GEO *(i)(iv)*				
Brazil				
Chapada	$	(1,296)	$	(1,865)
Jacobina		1,174		747
Fazenda Brasileiro		808		872
Chile				
El Peñón		485		440
Minera Florida		747		797
Argentina				
Gualcamayo		772		536
Alumbrera *(iii)*		(252)		(1,203)
Mexico				
Mercedes		496		485
By-product cash costs per GEO produced *(i)(iv)*	$	410	$	230
Co-product cash costs per GEO produced *(i)(iv)*	$	596	$	525
Co-product cash costs per pound of copper produced *(iv)*	$	1.75	$	1.48
All-in sustaining cash costs per GEO, by-product basis *(i)(iv)*	$	814		n/a
All-in sustaining cash costs per GEO, co-product basis *(i)(iv)*	$	947		n/a
Concentrate Production				
Chapada concentrate production (tonnes)		239,811		268,135
Chapada copper contained in concentrate production (millions of lbs)		130.2		150.6
Chapada co-product cash costs per pound of copper *(iv)*	$	1.65	$	1.40
Alumbrera attributable concentrate production (tonnes) *(iii)*		55,115		65,140
Alumbrera attributable copper contained in concentrate production (millions of lbs) *(iii)*		30.2		37.4
Alumbrera co-product cash costs per lb of copper *(iii)(iv)*	$	2.21	$	1.81
Gold Equivalent Ounces Breakdown				
Gold ounces produced		1,029,863		1,019,969
Silver ounces produced (millions)		8.4		9.0
Sales				
Total GEO sales (including 12.5% interest in Alumbrera)		1,178,972		1,186,991
– Total gold sales (ounces)		1,013,697		1,007,414
– Total silver sales (millions of ounces)		8.3		9.0
Chapada concentrate sales (tonnes)		242,681		263,704
Chapada payable copper contained in concentrate sales (millions of lbs)		126.0		139.0

(i) Silver production is treated as a gold equivalent. Gold equivalent ounce calculations are based on an average historical silver to gold ratio (50:1) which is used and presented solely for period-over-period comparative purposes only.

(ii) 2013 gold production: El Peñón – 338,231 ounces; Minera Florida – 99,000 ounces, Chapada – 104,096 ounces, and Mercedes – 129,327 ounces; and 2013 silver production: El Peñón – 6.5 million ounces; Minera Florida – 1.0 million ounces, Chapada – 0.3 million ounces and Mercedes – 0.6 million ounces.

(iii) The Company holds a 12.5% equity interest in Alumbrera.

(iv) A cautionary note regarding non-GAAP measures and their respective reconciliations are included in *Section 14* including a discussion and definition of Cash Costs.

(v) Commissioning is ongoing at Ernesto/Pau-a-Pique, C1 Santa Luz and Pilar. Commissioning at Mercedes started in 2011 and concluded on February 1, 2012.

4.3 Quarterly Financial Statistics

For the three months ended December 31,		2013		2012
(Loss)/earnings per share attributable to Yamana equity holders – basic	$	(0.78)	$	0.23
(Loss)/earnings per share attributable to Yamana equity holders – diluted	$	(0.78)	$	0.22
Adjusted earnings per share *(i)* – basic and diluted	$	0.05	$	0.26
Dividends declared per share	$	0.065	$	0.065
Dividends paid per share	$	0.065	$	0.055
Weighted average number of common shares outstanding – basic (in thousands)		752,995		751,780
Weighted average number of common shares outstanding – diluted (in thousands)		752,995		753,325
(In thousands of United States Dollars; unless otherwise noted)				
Net (loss)/earnings attributable to Yamana equity holders	$	(583,936)	$	169,161
Adjusted earnings *(i)*	$	36,719	$	197,368
Revenues	$	420,663	$	629,505
Mine operating earnings	$	70,113	$	322,082
Cash flows from operating activities	$	184,845	$	367,881
Cash flows from operating activities before changes in non-cash working capital *(i)*	$	165,315	$	298,064
Cash flows to investing activities	$	(259,992)	$	(375,544)
Cash flows to/(from) financing activities	$	66,711	$	(44,467)
Average realized gold price per ounce *(ii)*	$	1,277	$	1,692
Average realized copper price per pound *(ii)*	$	3.37	$	3.54
Average realized silver price per ounce *(ii)*	$	20.63	$	31.37
Average market gold price per ounce *(iii)*	$	1,272	$	1,718
Average market copper price per pound *(iii)*	$	3.25	$	3.59
Average market silver price per ounce *(iii)*	$	20.80	$	32.58

(i) A cautionary note regarding non-GAAP measures and their respective reconciliations are included in *Section 14* including a discussion and definition of Adjusted Earnings, Adjusted Earnings per Share, and additional measures.

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

(iii) Source of information: Bloomberg.

4.4 Quarterly Operating Statistics

For the three months ended December 31,		2013		2012
Gold Equivalent Ounces (GEO) Production *(i)*				
Brazil				
Chapada *(ii)*		29,817		32,498
Jacobina		19,519		28,337
Fazenda Brasileiro		18,270		18,251
Chile				
El Peñón *(ii)*		101,364		128,119
Minera Florida *(ii)*		30,513		32,797
Argentina				
Gualcamayo		34,929		31,502
Alumbrera *(iii)*		11,319		10,769
Mexico				
Mercedes *(ii)(v)*		31,716		39,443
Total commercial GEO production *(i)*		277,447		321,716
Commissioning GEO *(i)(v)*		26,321		1,274
Total GEO production *(i)*		303,768		322,990
By-product Cash Costs per GEO *(i)(iv)*				
Brazil				
Chapada	$	(1,547)	$	(2,021)
Jacobina		1,140		825
Fazenda Brasileiro		809		856
Chile				
El Peñón		593		415
Minera Florida		592		805
Argentina				
Gualcamayo		825		485
Alumbrera *(iii)*		(261)		(2,012)
Mexico				
Mercedes		656		435
By-product cash costs per GEO produced *(i)(iv)*	$	417	$	198
Co-product cash costs per GEO produced *(i)(iv)*	$	647	$	517
Co-product cash costs per pound of copper produced *(iv)*	$	1.58	$	1.51
All-in sustaining cash costs per GEO, by-product basis *(i)(iv)*	$	754		n/a
All-in sustaining cash costs per GEO, co-product basis *(i)(iv)*	$	935		n/a
Concentrate Production				
Chapada concentrate production (tonnes)		67,395		72,518
Chapada copper contained in concentrate production (millions of lbs)		36.0		40.5
Chapada co-product cash costs per pound of copper *(iv)*	$	1.53	$	1.38
Alumbrera attributable concentrate production (tonnes) *(iii)*		17,547		14,669
Alumbrera attributable copper contained in concentrate production (millions of lbs) *(iii)*		9.6		8.5
Alumbrera co-product cash costs per lb of copper *(iii)(iv)*	$	1.75	$	2.15
Gold Equivalent Ounces Breakdown				
Gold ounces produced		260,187		276,373
Silver ounces produced (millions)		2.2		2.3
Sales				
Total GEO sales (including 12.5% interest in Alumbrera)		305,376		317,615
– Total gold sales (ounces)		263,031		272,524
– Total silver sales (millions of ounces)		2.1		2.3
Chapada concentrate sales (tonnes)		67,616		69,589
Chapada payable copper contained in concentrate sales (millions of lbs)		34.5		37.3

(i) Silver production is treated as a gold equivalent. Gold equivalent ounce calculations are based on an average historical silver to gold ratio (50:1) which is used and presented solely for quarter-over-quarter comparative purposes only.

(ii) Three-month gold production for the periods ended December 31, 2013: El Peñón – 68,246 ounces; Minera Florida – 24,539 ounces, Chapada – 28,223 ounces, and Mercedes – 28,821 ounces; and three-month silver production: El Peñón – 1.7 million ounces; Minera Florida – 298,696 ounces, Chapada – 79,696 ounces, and Mercedes – 144,715 ounces.

(iii) The Company holds a 12.5% equity interest in Alumbrera.

(iv) A cautionary note regarding non-GAAP measures and their respective reconciliations are included in *Section 14* including a discussion and definition of Cash Costs.

(v) Commissioning is ongoing at Ernesto/Pau-a-Pique, C1 Santa Luz and Pilar. Commissioning at Mercedes started in 2011 and concluded on February 1, 2012.

5 Overview of Results

5.1 Overview of Annual Financial Results

For the years ended December 31, (In thousands of United States Dollars; unless otherwise noted)		2013		2012
Revenues	$	1,842,682	$	2,336,762
Cost of sales excluding depletion, depreciation and amortization		(900,789)		(831,754)
Gross margin		941,893		1,505,008
Depletion, depreciation and amortization		(401,115)		(383,738)
Mine operating earnings		540,778		1,121,270
Other expenses *(i)*		(249,841)		(289,100)
Equity (loss)/earnings from associate		(3,905)		50,642
Impairment of mineral properties and other assets		(682,273)		(67,684)
Earnings from operations before income taxes		(395,241)		815,128
Income tax expense		(79,110)		(373,064)
Net (loss) earnings	$	(474,351)	$	442,064
Earnings adjustments *(ii)*:				
Non-cash unrealized foreign exchange losses		45,709		64,648
Reorganization costs		3,969		-
Share-based payments/mark-to-market of deferred share units		7,683		26,292
Impact of change in Mexican tax rates on non-cash deferred tax expense		28,323		-
Impact of change in Chilean tax rates on non-cash deferred tax expense		-		83,830
Deferred income tax expense on translation of intercompany debt		-		(2,983)
Impairment of mineral properties		682,273		-
Impairment of investment in available-for-sale securities and other assets		70,285		67,684
Other non-cash and non-recurring losses		44,566		16,592
Adjusted earnings before income tax effect		408,457		698,127
Income tax effect of adjustments		(135,099)		(3,794)
Adjusted earnings *(ii)*	$	273,358	$	694,333
Net (loss) earnings per share attributable to Yamana Gold Inc. equity holders – basic and diluted	$	(0.59)	$	0.59
Adjusted earnings per share *(ii)* – basic and diluted	$	0.36	$	0.93

(i) For 2013, other expenses represent the aggregate of the following expenses: general and administrative of $135.3 million (2012 – $145.9 million), exploration and evaluation of $30.2 million (2012 – $58.0 million), other operating expenses of $78.1 million (2012 – $99.3 million) and net finance expense of 6.3 million (2012 – expense $53.5 million).

(ii) A cautionary note regarding non-GAAP measures and their respective reconciliations are included in *Section 14* including a discussion and definition of Adjusted Earnings and Adjusted Earnings per Share.

Impairment

The Company assesses at the end of each reporting period whether there is any indication, from external and internal sources of information, that an asset or cash generating unit ("CGU") may be impaired. Impairment testing is performed using life of mine after-tax cash flow projections. During the second quarter, the Company updated its after-tax life of mine cash flow projections with updated economic assumptions as a result of the decline in metal prices towards the latter half of the second quarter of 2013. Based on its assessment during the second quarter, the Company concluded that there were no impairment charges in respect to its mineral properties as at June 30, 2013 as a result of the decline in metal prices at that time. Adverse changes in metal price assumptions were partially offset by other inputs that resulted in lower costs and updated mine plans. The recoverable values in the impairment assessment in the second quarter were calculated assuming long-term prices of $1,375 per ounce of gold and $3.00 per pound of copper.

In early October of 2013, after the spot price for gold returned to the $1,350 per ounce level, it started a continuous decline during the fourth quarter and dipped below $1,200 per ounce by late December. During the fourth quarter, the Company performed its impairment test updating its life of mine after-tax cash flow projections for updated reasonable estimates of future metal prices, production based on current estimates of recoverable mineral reserves and mineral resources, recent operating and exploration results, exploration potential, future operating costs, capital expenditures, inflation and long-term foreign exchange rates. The Company examined future cash flows, the intrinsic value beyond proven and probable mineral reserves, value of land holdings, as well as other factors, which are determinants of commercial viability of each mining property in its portfolio, and concluded that a total of $672.0 million ($563.9 million, net of taxes) of impairment charges should be recognized. The impairment charges in the fourth quarter include the following:

For the periods ended December 31, (in million dollars)	2013			
	Three months		*Twelve months*	
Mine/Project	Impairment	After-tax Impairment	Impairment	After-tax Impairment
Jacobina (goodwill)	$ 55.0	$ 55.0	$ 55.0	$ 55.0
Ernesto/Pau-a-Pique	175.0	168.2	175.0	168.2
Alumbrera (12.5% Interest)	70.0	70.0	70.0	70.0
Jeronimo [(a)]	110.0	88.0	110.0	88.0
Exploration properties	$ 262.0	$ 182.8	$ 272.3	$ 193.0
Impairment on mineral properties [(b)]	$ 672.0	$ 563.9	$ 682.3	$ 574.2
Less: Non-controlling interest (43.3%) – Jeronimo		(28.1)		(28.1)
Impact on net earnings		$ 535.8		$ 546.1

(a) The Company holds 56.7% interest in the Agua de La Falda ("ADLF") project. The ADLF project is an exploration project which includes the Jeronimo deposit and is located in northern Chile.

(b) An impairment charge of $10.3 million was recognized in the second quarter of 2013.

The Company expects there is further or additional value in these properties over and above what they are being written down to but not at the metal price assumptions used in the impairment testing. The valuation of impairment is based on current forecasts for long-term metal prices which have been influenced by the recent decline in spot prices over the last nine months of 2013. These metal price assumptions are then held constant over mine lives which in some cases are in excess of fifteen years. The fair values in the impairment assessment in the fourth quarter were calculated assuming long-term prices of $1,300 per ounce of gold and $3.00 per pound of copper. The historical three-year average gold price was approximately $1,550 per ounce well in excess of the long-term gold price assumption used in its impairment testing. The Company believes that it is prudent to update its metal price assumption used in its impairment testing to reflect current forecasts and it does not rely on higher prices to drive its business plans, however, the Company remains positive on the long-term price fundamentals for its metals. The Company will continue to monitor the valuation of its assets and the impact of changes in economic assumptions and mine plans on these valuations. Higher prices in the future could result in greater volatility in earnings, as the Company reassesses the fair value of its mineral properties and could potentially reverse a portion or all of the impairment charges taken.

In addition to the impairment charges mentioned above, an additional $10.3 million (before and net of taxes) related to minor exploration properties was recognized during the year on the decision of not proceeding with further exploration and/or disposition in the prior quarters of 2013, bringing the impairment charges against mineral properties for the year to a total of $682.3 million (574.2 million, net of taxes).

For the year ended December 31, 2013

Cash flows from operating activities before changes in non-cash working capital for the year ended December 31, 2013 were $653.1 million compared to $1.16 billion for the year ended December 31, 2012. Cash flows from operating activities before changes in non-cash working capital items (a non-GAAP measure, see *Section 14*) for the year ended December 31, 2013 were $707.9 million compared to $1.04 billion for the year ended December 31, 2012. Cash and cash equivalents as at December 31, 2013 were $220.0 million compared to $349.6 million as at December 31, 2012.

Net loss for the year 2013 was $446.2 million or $0.59 per share[(a)], compared with net earnings of $442.1 million or basic and diluted earnings per share of $0.59 for the year 2012. Net loss for the year includes an impairment charge of $574.2 million, net of taxes in respect to certain mineral properties. Adjusted earnings were $273.4 million or $0.36 per share in 2013, compared with $694.3 million or $0.93 per share in 2012. Lower adjusted earnings were mainly attributed to the decline in metal prices and lower sales volume of gold, copper and silver, combined with inflationary impacts on costs and lower equity earnings from the Company's 12.5% of interest in Alumbrera.

Revenues were $1.84 billion in 2013 compared with $2.3 billion in 2012. Mine operating earnings were $540.8 million, compared with $1.12 billion in 2012. Lower revenues and mine operating earnings were due to lower metal prices and lower sales volumes of gold, copper in concentrate and silver. Higher cost of sales, including depletion, depreciation and amortization expenses, was mainly related to higher cost inflation relative to that of 2012.

The average realized gold price in 2013 was $1,408 per ounce versus $1,670 per ounce in 2012 or 16% lower. The average realized copper price was $3.28 per pound versus $3.60 per pound in 2012 or 9% lower. The average realized silver price was $23.73 per ounce compared to $30.46 per ounce in 2012 or 22% lower.

Revenues for 2013 were generated from the sale of 925,496 ounces of gold, 8.3 million ounces of silver and 126.0 million pounds of copper, excluding Alumbrera which is accounted for as an equity investment. This compares to sales, excluding Alumbrera, of 963,833 ounces of gold, 9.0 million ounces of silver and 139.0 million pounds of copper in 2012.

Revenues for the year are comprised of the following:

For the years ended December 31,	2013			2012
(In thousands of United States Dollars; unless otherwise noted)	Quantity Sold *(ii)*	Realized Price	Revenues	Revenues
Gold *(i)*	925,496 oz	$ 1,408	$ 1,302,687	$ 1,609,172
Silver	8,263,729 oz	$ 23.73	196,129	273,455
Total precious metals	1,090,771 GEO		1,498,816	1,882,627
Copper *(i)*	125,999,185 lbs	$ 3.28	413,609	499,895
Gross Revenues			$ 1,912,425	$ 2,382,522
Add (deduct):				
– Treatment and refining charges of gold and copper concentrate			$ (33,163)	$ (30,099)
– Sales taxes			(26,417)	(36,718)
– Metal price adjustments related to concentrate revenues			(10,493)	19,325
– Other adjustments			330	1,732
Revenues *(ii)*			$ 1,842,682	$ 2,336,762

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

(ii) Excludes Alumbrera which is accounted for as an equity investment.

Cost of sales excluding depletion, depreciation and amortization for 2013 was $900.8 million compared with $831.8 million in the same period of 2012. The increase in cost of sales was mainly due to higher co-product cash costs as a result of inflationary pressures in the countries where the Company operates.

(a) Attributable to Yamana equity holders.

The following table provides a reconciliation of the co-product cash costs to the cost of sales excluding depletion, depreciation and amortization for the year:

For the years ended December 31,	2013			2012
(In thousands of United States Dollars; unless otherwise noted)	GEO or Pounds of Copper Produced	Co-product Cash Cost per Unit	Total Costs	Total Costs
Chapada – GEO *(i)*	110,618 oz	$ 400	$ 44,297	$ 42,681
Chapada – Copper	130,239,902 lbs	1.65	214,481	210,072
El Peñón – GEO *(i)*	467,523 oz	485	226,628	203,724
Jacobina	73,695 oz	1,174	86,488	87,316
Gualcamayo	120,337 oz	772	92,844	78,952
Minera Florida – GEO *(i)*	118,590 oz	747	88,621	82,793
Fazenda Brasileiro	70,079 oz	808	56,622	58,554
Mercedes – GEO *(i)*	141,618 oz	496	70,301	60,915
Co-product cash cost of sales *(ii)*			$ 880,282	$ 825,007
Add (deduct):				
– Inventory movements and adjustments			21,005	5,278
– Chapada concentrate treatment and refining charges			(33,163)	(32,369)
– Commercial & other costs			16,108	17,795
– Overseas freight for Chapada concentrate			16,557	16,043
Cost of sales excluding depletion, depreciation and amortization			**$ 900,789**	**$ 831,754**

(i) Silver ounces reported from Chapada, El Peñón, Minera Florida and Mercedes are treated as gold equivalent ounces ("GEO").

(ii) A cautionary note regarding non-GAAP measures is included in *Section 14* of this Management's Discussion and Analysis of Operations and Financial Condition.

Depletion, depreciation and amortization ("DDA") expense for the year 2013 was $401.1 million, compared to $383.7 million in the same period of 2012. The increase in DDA is attributable to higher levels of depletable capital expenditures and higher cost ore bodies being depleted.

Other expenses including general and administrative, exploration and evaluation, other operating and net finance expenses were $249.8 million in the year ended December 31, 2013, compared to $289.1 million in the year ended December 31, 2012. The net decrease in other expenses is detailed below:

General and administrative expenses were $135.3 million in 2013 compared to $145.9 million in the year ended December 31, 2012. General and administrative expenses have declined mainly as a result of the Company's cost containment initiative introduced in May 2013, and are expected to be maintained at these lower levels in 2014.

Exploration and evaluation expenses were $30.2 million in 2013, compared to $58.0 million incurred in 2012 as a result of the Company's reduced focus on greenfield exploration.

Other operating expenses were $78.1 million in the year compared to $99.3 million in 2012. Lower other operating expenses reflect lower impairment of investments in available-for-sale securities of $16.3 million for the year compared to $67.7 million in 2012, an $18.1 million write-off of long-term tax credits and a loss of $38.4 million incurred on the sale of non-core exploration properties with no 2012 comparative.

Net finance expenses were $6.3 million for the year compared with net finance expenses of $53.5 million in the same period of 2012. Lower net finance expense was mainly due to higher foreign exchange gains in the amount of $17.7 million compared to a foreign exchange loss of $25.9 million in the comparative period.

Equity loss from associate was $3.9 million for 2013 compared with earnings of $50.6 million in 2012. The equity loss was driven by lower revenues as a result of lower metal prices and lower sales volume of copper and gold concentrate due to lower production from Alumbrera. Cash dividends from the Company's equity investment in Alumbrera during 2013 were $27.9 million compared to $*nil* in 2012. During the year, the Company also received loan proceeds of $44.6 million from Alumbrera.

The Company recorded an income tax expense of $79.1 million in 2013 compared to $373.1 million in the same period of 2012. The decrease in the income tax expense is a result of lower earnings relative to the comparative year. The income tax provision for the year ended December 31, 2013 reflects a current income tax expense of $140.6 million compared to current tax expense of $265.5 million in 2012, and a deferred income tax recovery of $61.5 million compared to deferred tax expense of $107.6 million. The effective tax rate on adjusted earnings for the year of 2013 was 30.0% compared to 25.0% for 2012.

5.2 Overview of Annual Operating Results

For the year ended December 31, 2013

Total production for the Company was 1.20 million GEO comparable to 2012 production level of 1.20 million GEO. Total production for the year consisted of 1.03 million ounces of gold and 8.4 million ounces of silver, representing an increase of 1% in gold production and a 7% decrease in silver production over the period of 2012. Total production included the Company's attributable production from Alumbrera of 39,157 ounces of gold and production during commissioning from Ernesto/Pau-a-Pique, C1 Santa Luz and Pilar of 55,942 ounces of gold. This compares with total production in 2012 of 1.20 million GEO that consisted of 1.01 million ounces of gold and 9.0 million ounces of silver. The 2012 production also included commissioning production of 12,094 GEO from Mercedes, Minera Florida and Ernesto/Pau-a-Pique.

Commercial production for the year consisted of 1.14 million GEO compared with 1.19 million GEO produced in 2012. Commercial production for 2013 consisted of 973,921 ounces of gold and 8.38 million ounces of silver, representing a 1% increase in gold production and a 7% decrease in silver production over the commercial production of 733,910 ounces of gold and 8.93 million ounces of silver in 2012.

Total 2013 Production from Operations – GEO by Mine

By-product cash costs (a non-GAAP measure, see *Section 14*) for the year averaged $410 per GEO, compared with $230 per GEO in the same period of 2012. By-product cash costs were impacted by a lower copper credit contribution due to lower copper market prices and lower copper sales volume. The average market price for copper in 2013 was 8% lower than the average of 2012. By-product cash costs for 2013 exceeded the Company's previous guidance for a 2013 year-average of below $365 per GEO, which assumed a copper price of $4.00 per pound compared to average market price for the year of $3.32 per pound and the Company's average realized price of $3.28 per pound.

Co-product cash costs (a non-GAAP measure, see *Section 14*) for the year were $596 per GEO compared with $525 per GEO in 2012.

Effective January 1, 2013, the Company began reporting all-in sustaining cash costs (a non-GAAP measure, see *Section 14*), which seeks to represent total sustaining expenditures of producing gold equivalent ounces from current operations, based on by-product and co-product cash costs, including cost components of mine sustaining capital expenditures, corporate general and administrative expense excluding stock-based compensation and exploration and evaluation expense. For 2013, all-in sustaining cash costs were $814 per GEO on a by-product basis and $947 per GEO on a co-product basis. Average all-in sustaining cash cost on a co-product basis for the last three quarters was below $925 per GEO meeting expectations of the cost containment initiative implemented in the second quarter.

Copper production for the year was 130.2 million pounds from the Chapada mine, compared with 150.6 million pounds for the same period of 2012. Chapada copper production was lower primarily as a result of expected lower copper grade and recovery rate compared with 2012. A total of 30.2 million pounds of copper produced from Alumbrera were attributable to the Company in 2013, compared to 37.4 million pounds for the year ended December 31, 2012. Total copper production for 2013 was 160.5 million pounds, compared with 188.0 million pounds in 2012. The new orebody, Corpo Sul, and the regrinding project at Chapada are expected to contribute to future gold and copper production.

Co-product cash costs per pound of copper (a non-GAAP measure, see *Section 14*) averaged $1.65 per pound from the Chapada mine in 2013, compared with $1.40 per pound in the year ended December 31, 2012. Co-product cash costs per pound of copper for the year including the Company's interest in the Alumbrera mine were $1.75 per pound compared to $1.48 per pound for the year ended December 31, 2012.

The Company's total proven and probable mineral reserves including all projects were 18.5 million GEO compared to 19.3 million GEO in 2012 representing a decrease of 4%. This is offset by significant increases in measured and indicated mineral resources, almost all of which are at existing operations. Total measured and indicated mineral resources increased from 2012 mainly due to the addition of mineral resources from Gualcamayo, El Peñón and Chapada, partly offset the reduction of measured and indicated mineral resources at Cerro Moro, which had been upgraded to an initial proven and probable mineral reserves estimate. Total measured and indicated mineral resources including all projects were 17.3 million GEO compared to 15.6 million GEO in 2012, representing an increase in contained ounces of 10%. Total inferred mineral resources increased by 32% to 15.0 million GEO (contained gold – 13.4 million ounces; contained silver – 81.2 million ounces). The overall focus of the exploration program for 2014 will be on the upgrade of the increases in mineral resources in 2013 to mineral reserves and the extension of mine life.

Refer to *Section 8 – "Mineral Reserve and Mineral Resource Estimates"* for a detailed discussion on the Company's mineral reserve and mineral resource estimates and metal price assumptions. Complete information relating to mineral reserves and mineral resources is also contained in a mineral reserve and mineral resource table which indicates complete information on tonnage and grade. This mineral reserve and mineral resource table accompanies the 2013 annual report and is also available on the Company's website, www.yamana.com.

5.3 Overview of Quarterly Financial Results

For the three months ended December 31, (In thousands of United States Dollars; unless otherwise noted)	2013	2012
Revenues	$ 420,663	$ 629,505
Cost of sales excluding depletion, depreciation and amortization	(239,030)	(207,228)
Gross margin	181,633	422,277
Depletion, depreciation and amortization	(111,520)	(100,195)
Mine operating earnings	70,113	322,082
Other expenses *(i)*	(62,708)	(66,934)
Equity earnings from associate	(5,086)	18,147
Impairment of mineral properties	(672,000)	(10,896)
Earnings from operations before income taxes	(669,681)	262,399
Income tax expense	57,641	(93,238)
Net (loss) earnings	$ (612,040)	$ 169,161
Earnings adjustments *(ii)*:		
Non-cash unrealized foreign exchange losses	(284)	12,371
Reorganization costs	842	-
Share-based payments/mark-to-market of deferred share units	3,474	4,086
Impact of change in Mexican tax rates on non-cash deferred tax expense	28,323	-
Impairment of mineral properties	672,000	-
Impairment of investment in available-for-sale securities and other assets	29,271	10,896
Other non-cash and non-recurring losses	43,649	1,064
Adjusted earnings before income tax effect	165,235	197,578
Income tax effect of adjustments	(128,516)	(210)
Adjusted earnings *(ii)*	$ 36,719	$ 197,368
Net (loss) earnings per share attributable to Yamana Gold Inc. equity holders – basic	$ (0.78)	$ 0.23
Net (loss) earnings per share attributable to Yamana Gold Inc. equity holders – diluted	$ (0.78)	$ 0.22
Adjusted earnings per share *(ii)* – basic and diluted	$ 0.05	$ 0.26

(i) For the three-months ended December 31, 2013, other expenses represent the aggregate of the following expenses: general and administrative of $29.8 million (2012 – 39.0 million), exploration and evaluation of $8.0 million (2012 – $15.1 million), other operating expense of $47.1 million (2012 – $5.8 million) and net finance income of $22.1 million (2012 – expense $7.0 million).

(ii) A cautionary note regarding non-GAAP measures and their respective reconciliations are included in *Section 14* including a discussion and definition of Adjusted Earnings and Adjusted Earnings per Share.

For the three months ended December 31, 2013

Cash flows from operating activities before changes in non-cash working capital (a non-GAAP measure, see *Section 14*) for the quarter ended December 31, 2013 were $165.3 million, lower than the $298.1 million generated for the same period of 2012. Lower cash flows from operating activities compared to that of the same quarter in the prior year were mainly due to a decline in revenue as a result of a decline in metal prices and lower sale volumes. However, cash flows from operating activities before changes in non-cash working capital were 10% above levels in the second quarter when the Company's cost savings and containment program was initiated. Cash flows from operating activities after taking into effect changes in non-cash working capital items for the three month period ended December 31, 2013 were inflows of $184.8 million, compared to inflows of $367.9 million for the three month period ended December 31, 2012, which reflects a decrease in trade receivables.

Net loss for the quarter was $583.9 million or $0.78 per share[(a)], compared with net earnings of $169.2 million or basic earnings per share of $0.23 and diluted earnings per share of $0.22 for the three months ended December 31, 2012. Net loss for the year includes an impairment charge of 535.8 million, net of taxes in respect to certain mineral properties. Adjusted earnings were $36.7 million or $0.05 per share in the fourth quarter, compared with $197.4 million or $0.26 per share in the fourth quarter of 2012. Lower adjusted earnings were attributed to lower realized metal prices, lower volume of metal sales, higher cash costs and an equity loss from the Company's 12.5% of interest in Alumbrera.

(a) Attributable to Yamana equity holders.

Revenues were $420.7 million in the fourth quarter compared with $629.5 million in the fourth quarter of 2012. Mine operating earnings were $70.1 million, compared with $322.1 million in the fourth quarter of 2012. Lower revenues and mine operating earnings were primarily due to lower metal prices in addition to lower volume of gold and copper sales. Lower metal prices accounted for 58% of the variance in revenues in comparison to the fourth quarter of 2012 representing approximately $0.16 per share in earnings. Lower cost of sales, including depletion, depreciation and amortization expenses, corresponded to lower sales volumes of gold and copper.

Revenues for the fourth quarter were generated from the sale of 218,223 ounces of gold, 2.1 million ounces of silver and 34.5 million pounds of copper, excluding Alumbrera which is accounted for as an equity investment. This compares to sales, excluding Alumbrera, of 258,978 ounces of gold, 2.3 million ounces of silver and 37.3 million pounds of copper in the three months ended December 31, 2012.

The average realized price of gold in the fourth quarter of 2013 was $1,277 per ounce compared to $1,692 per ounce in the same quarter of 2012, representing a decrease of 24%. The average realized price of copper was $3.37 per pound compared to $3.54 per pound in the fourth quarter of last year, representing a decrease of 5%, and the average realized silver price was $20.63 per ounce compared to $31.37 per ounce in the fourth quarter of 2012, representing a decrease of 33%.

Revenues for the year are comprised of the following:

For the three months ended December 31,	2013			2012
(In thousands of United States Dollars; unless otherwise noted)	Quantity Sold *(ii)*	Realized Price	Revenues	Revenues
Gold *(i)*	218,223 oz	$ 1,277	$ 278,744	$ 438,199
Silver	2,117,273 oz	$ 20.63	43,670	70,721
Total precious metals	260,568 GEO		322,414	508,920
Copper *(i)*	34,510,774 lbs	$ 3.37	116,247	131,875
Gross Revenues			$ 438,661	$ 640,795
Add (deduct):				
– Treatment and refining charges of gold and copper concentrate			$ (8,717)	$ (8,913)
– Sales taxes			(5,205)	(7,246)
– Metal price adjustments related to concentrate revenues			(136)	4,053
– Other adjustments			(3,940)	816
Revenues *(ii)*			$ 420,663	$ 629,505

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

(ii) Excludes Alumbrera which is accounted for as an equity investment.

The following table provides a reconciliation of the co-product cash costs to the cost of sales excluding depletion, depreciation and amortization for the year:

For the three months ended December 31,	2013			2012
(In thousands of United States Dollars; unless otherwise noted)	GEO or Pounds of Copper Produced	Co-product Cash Cost per Unit	Total Costs	Total Costs
Chapada – GEO *(i)*	29,817 oz	$ 377	$ 11,253	$ 11,327
Chapada – Copper	35,958,765 lbs	1.53	55,148	55,857
El Peñón – GEO *(i)*	101,364 oz	593	60,062	53,187
Jacobina	19,519 oz	1,140	22,254	23,384
Gualcamayo	34,929 oz	825	28,816	15,271
Minera Florida – GEO *(i)*	30,513 oz	592	18,069	26,416
Fazenda Brasileiro	18,270 oz	809	14,771	15,615
Mercedes – GEO *(i)*	31,716 oz	656	20,792	17,154
Co-product cash cost of sales *(ii)*			$ 231,165	$ 218,211
Add (deduct):				
– Inventory movements and adjustments			8,707	(8,984)
– Chapada concentrate treatment and refining charges			(8,717)	(8,913)
– Commercial & other costs			2,943	3,262
– Overseas freight for Chapada concentrate			4,933	3,652
Cost of sales excluding depletion, depreciation and amortization			$ 239,031	$ 207,228

(i) Silver ounces reported for Chapada, El Peñón, Minera Florida and Mercedes are treated as gold equivalent ounces ("GEO").

(ii) A cautionary note regarding non-GAAP measures is included in *Section 14* of this Management's Discussion and Analysis of Operations and Financial Condition.

Cost of sales excluding depletion, depreciation and amortization for the fourth quarter of 2013 was $239.0 million compared with $207.2 million in same quarter of 2012. Cost of sales excluding depletion, depreciation and amortization was higher compared to the same period in 2012 was mainly due to the higher co-product cash cost of production.

Depletion, depreciation and amortization ("DDA") expense for the quarter was $111.5 million, compared to $100.2 million in the fourth quarter of 2012. The increase was attributable to higher DDA at Gualcamayo from AIM which contributed to production levels in 2013 and DDA from the tailings retreatment plant at Minera Florida which also started to contribute to production in 2013.

Other expenses including of general and administrative, exploration and evaluation, other operating and net finance expenses were $62.7 million in the quarter, compared to $66.9 million in the three months ended December 31, 2012. The net decrease in other expenses is detailed below:

General and administrative expenses were $29.8 million in the fourth quarter compared to $39.0 million in the same quarter of 2012. It is expected that general and administrative expenses will continue to be maintained at current levels as a result of the cost containment initiatives undertaken by the Company.

Exploration and evaluation expenses were $8.0 million, compared to $15.1 million incurred in the fourth quarter of 2012 as a result of the Company's reduced focus on greenfield exploration relative to 2012.

Other operating expenses were $47.1 million in the quarter compared to $5.8 million in the fourth quarter of 2012. The increase in other operating expenses primarily reflects a $38.4 million loss on sale of non-core exploration properties during the quarter.

Net finance income was $22.1 million mainly related to foreign exchange gains in the quarter compared to net finance expenses of $7.0 million in the fourth quarter of 2012. Foreign exchange gains resulted from favourable exchange rates of country currencies with which the Company settled its mine operating expenses compared to foreign exchange losses in the comparative period of 2012.

Equity loss from associate was $5.1 million for the quarter compared with earnings of $50.6 million in the fourth quarter of 2012. The lower equity earnings were mainly due to lower revenues as a result of lower metal prices and lower sales volume of concentrate in addition to higher co-product cash costs from Alumbrera. Lower volume of concentrate produced was due to mining in lower grade areas. Cash dividends from the Company's equity investment in Alumbrera received in the quarter were $6.8 million compared to $*nil* in the fourth quarter of 2012.

The Company recorded an income tax recovery of $57.6 million in the fourth quarter of 2013 compared to tax expense of $93.2 million in the same quarter of 2012. The lower income tax expense in the fourth quarter of 2013 is attributable to lower earnings relative to that of the fourth quarter of 2012. The income tax provision for the fourth quarter of 2013 reflects a current income tax expense of $40.7 million compared to current tax expense of $106.1 million in the same quarter of 2012, and a deferred income tax recovery of $98.3 million compared to deferred tax recovery of $12.9 million. During the quarter, the exchange rates of Brazilian Real and Argentinean Peso devalued against the US Dollar increased. As a result for local purposes, a reduction of $2.4 million relating to unrealized foreign exchange gain was recorded in the deferred tax expense. The impact of these foreign exchange movements on taxes are non-cash and as such excluded from adjusted earnings. The adjusted tax rate for the fourth quarter of 2013 was 22.3% compared to 29.7% for the fourth quarter of 2012. See *Note 29* to the Condensed Consolidated Interim Financial Statements for a breakdown of the foreign exchange and interest and penalties charged to the income tax expense.

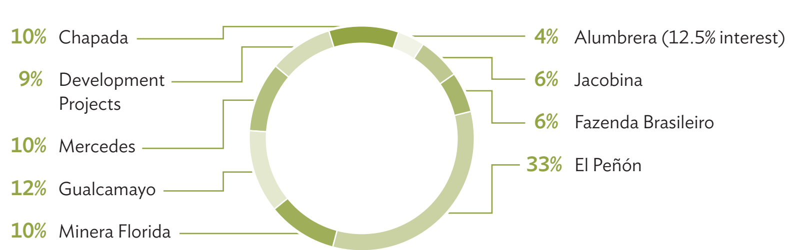
5.4 Overview of Quarterly Operating Results

For the three months ended December 31, 2013

Total production for the fourth quarter of 2013 was 303,768 GEO, a decrease of 6% from the 322,990 GEO produced in the fourth quarter of 2012. Total fourth quarter production consisted of 260,187 ounces of gold and 2.2 million ounces of silver, compared to 276,373 ounces of gold and 2.3 million ounces of silver produced in the same quarter of 2012. Total production included the Company's attributable production from Alumbrera of 11,319 ounces of gold and production during commissioning from Ernesto/Pau-a-Pique, C1 Santa Luz and Pilar of 26,321 ounces of gold.

Commercial production for the fourth quarter comprised of 277,447 GEO compared with 321,716 GEO produced in the fourth quarter of 2012. Total commercial production consisted of 233,866 of gold and 2.2 million ounces of silver, compared to commercial production of 264,888 ounces of gold and 2.2 million ounces of silver in the same quarter of 2012. The decrease in gold production was mainly due to the decreased production levels from Chapada, Jacobina, El Peñón, Minera Florida and Mercedes, partly offset by increased production levels from Gualcamayo and Alumbrera.

Production from Operations in the Fourth Quarter, 2013 – GEO by Mine



By-product cash costs (a non-GAAP measure, see *Section 14*) for the fourth quarter of 2013 averaged $417 per GEO, compared with $198 per GEO in the fourth quarter of 2012. By-product cash costs were impacted by a lower copper credit contribution from Chapada and Alumbrera due to the decline in the copper price and lower copper sales volume. The average market price for copper in the fourth quarter of 2013 was 9% lower than the average of the same quarter in 2012.

Co-product cash costs (a non-GAAP measure, see *Section 14*) for the fourth quarter averaged $647 per GEO, compared to $517 per GEO for the fourth quarter of 2012. Planned lower grades at certain mines and higher input costs during the quarter relative to the same quarter of 2012 impacted costs compared to the three months ended December 31, 2012. In comparison to the third quarter of 2013, production levels at El Peñón and Mercedes were tapered to contain increasing costs and better position those mines for 2014.

All-in sustaining cash costs (a non-GAAP measure, see *Section 14*) were $754 per GEO on a by-product basis well below the guidance level of $850 per GEO and $935 per GEO on a co-product basis for the fourth quarter of 2013 in line with the guidance level of $925 per GEO on a co-product basis.

Copper production for the quarter was 36.0 million pounds from the Chapada mine, compared with 40.5 million pounds for same quarter of 2012. Chapada copper production was lower primarily as a result of expected lower copper grade compared to the fourth quarter of 2012. A total of 9.6 million pounds of copper produced from Alumbrera were attributable to the Company, compared with 8.5 million pounds for the quarter ended December 31, 2012 mainly due to higher copper feed grade. Total copper production for the fourth quarter of 2013 was 45.6 million pounds, compared with 49.0 million pounds in the fourth quarter of 2012.

Co-product cash costs per pound of copper (a non-GAAP measure, see *Section 14*) averaged $1.53 per pound from the Chapada mine compared to $1.38 per pound of copper in the same quarter of 2012. Co-product cash costs per pound of copper for the quarter including the Company's interest in Alumbrera were $1.58 per pound compared to $1.51 per pound for the fourth quarter of 2012.

6 Operating Mines

CHAPADA, BRAZIL

Operating Statistics	For the three months ended December 31, 2013	2012	For the years ended December 31, 2013	2012
Production				
Concentrate (tonnes)	67,395	72,518	239,811	268,135
GEO contained in concentrate production *(i)*	29,817	32,498	110,618	128,171
Gold contained in concentrate (ounces)	28,223	30,121	104,096	119,655
Silver contained in concentrate (ounces)	79,696	118,874	326,087	425,805
Copper contained in concentrate (millions of pounds)	36.0	40.5	130.2	150.6
By-product cash costs per GEO produced *(ii)*	$ (1,547)	$ (2,021)	$ (1,296)	$ (1,865)
Co-product cash costs per GEO produced *(ii)*	$ 377	$ 349	$ 400	$ 333
Co-product cash costs per pound of copper produced *(ii)*	$ 1.53	$ 1.38	$ 1.65	$ 1.40
Ore mined (tonnes)	5,753,649	5,924,456	21,833,258	22,490,266
Ore processed (tonnes)	5,540,262	5,734,592	21,347,439	21,591,482
Gold feed grade (g/t)	0.28	0.28	0.26	0.29
Copper feed grade (%)	0.37	0.40	0.35	0.39
Concentrate grade – gold (g/t)	13.03	12.92	13.50	13.88
Concentrate grade – copper (%)	24.20	25.33	24.63	25.47
Gold recovery rate (%)	57.5	59.4	57.9	59.4
Copper recovery rate (%)	80.4	81.1	79.7	82.2
Sales *(iii)*				
Concentrate (tonnes)	67,616	69,589	242,681	263,704
Payable gold contained in concentrate (ounces)	26,805	27,692	98,680	115,443
Payable silver contained in concentrate (ounces)	45,103	81,949	166,917	279,371
Payable copper contained in concentrate (millions of pounds)	34.5	37.3	126.0	139.0
Depletion, depreciation and amortization				
Per GEO sold	$ 98	$ 76	$ 97	$ 72
Per copper pound sold	$ 0.32	$ 0.24	$ 0.31	$ 0.25

(i) GEO assumes gold plus the gold equivalent of silver using a ratio of 50:1 for all periods presented.

(ii) A cautionary note regarding non-GAAP measures is included in *Section 14* of this Management's Discussion and Analysis.

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

Chapada produced a total of 110,618 GEO contained in concentrate in 2013 compared with 128,171 GEO contained in concentrate in 2012. The 2013 production consisted of 104,096 ounces of gold and 326,087 ounces of silver compared with 119,655 ounces of gold and 425,805 ounces of silver contained in 2012. Chapada copper production was 130.2 million pounds in 2013 compared with production of 150.6 million pounds of copper in 2012. Production for the current year was lower than 2012 as a result of anticipated lower grades and recovery rates.

By-product cash costs for 2013 were *negative* $1,296 per GEO, compared with *negative* $1,865 per GEO for 2012. Higher by-product cash costs per GEO was mainly due to the effect of lower copper sales volume and lower average copper prices in 2013 compared to 2012 resulting in a lower copper revenue by-product credit. Copper prices were 8% lower in 2013 compared to 2012.

Co-product cash costs were $400 per GEO in 2013, compared to $333 per GEO in 2012. Co-product cash costs for copper were $1.65 per pound in 2013 versus $1.40 per pound in 2012.

Chapada revenues for the year net of sales taxes and treatment and refining costs were $504.2 million (2012 – $675.1 million). Revenues included mark-to-market adjustments and provisional pricing settlements in the year of *negative* $10.5 million (2012 – positive $19.4 million).

In the fourth quarter of 2013, Chapada produced a total of 29,817 GEO, which consisted of 28,223 ounces of gold and 79,696 ounces of silver, contained in concentrate compared with 32,498 GEO, which consisted of 30,121 ounces of gold and 118,874 ounces of silver contained in concentrate in the same quarter of 2012. Chapada copper production was 36.0 million pounds in the quarter compared with production of 40.5 million pounds of copper in the fourth quarter of 2012.

Production for the quarter was lower than the fourth quarter of 2012 as a result of the anticipated lower copper grades and recovery rates for 2013 relative to 2012. Production for the second half of 2013 was 22% higher than the first half of the year, reflecting a pattern similar to previous years.

By-product cash costs for the quarter were *negative* $1,547 per GEO, compared with *negative* $2,021 per GEO for the same quarter in 2012. Higher by-product cash costs per GEO was mainly due to the effect of lower copper sales volume and lower copper prices in the fourth quarter of 2013 compared to 2012, resulting in a lower copper by-product credit for the quarter.

Co-product cash costs were $377 per GEO in the fourth quarter, compared to $349 per GEO in the same quarter of 2012. Co-product cash costs for copper were $1.53 per pound in the fourth quarter versus $1.38 per pound in the same quarter of 2012.

Chapada revenues for the quarter net of sales taxes and treatment and refining costs were $135.6 million (Q4 2012 – $174.9 million). Revenues included mark-to-market adjustments and provisional pricing settlements in the quarter of positive $0.1 million (Q4 2012 – positive $4.1 million).

The Company is evaluating the level of profitable production with minimal capital requirements. Initiatives planned for 2014 include modifications to the grinding circuit, the installation of an in-pit crusher to increase throughput, and the development of new ore bodies including Corpo Sul. These opportunities provide the potential for increased production at Chapada with Corpo Sul being the largest and most prospective new opportunity that are planned to increase production at Chapada towards sustainable future production levels of at least 130,000 GEO and 130 million pounds of copper at an optimal cost structure.

Corpo Sul is a gold and copper deposit at the southwest end of the main ore body of Chapada with mineral resources of higher average grade ores especially near the current Chapada pit. Development and geotechnical work, including the rock mechanics study, the hydrogeological study and the mine study, continued in support of the development of the new Corpo Sul area. Infill drilling at Corpo Sul continues to support the view that ore from this deposit will be higher grade in both copper and gold and thereby, when blended with ore from the main pit, should increase overall gold and copper production at the operation.

Other opportunities under evaluation include Suruca and Arco Sul.

EL PEÑÓN, CHILE

Operating Statistics	*For the three months ended December 31,* 2013	2012	*For the years ended December 31,* 2013	2012
Production				
GEO production *(i)*	101,364	128,119	467,523	462,496
Gold production (ounces)	68,246	93,448	338,231	317,557
Silver production (ounces)	1,655,910	1,733,573	6,464,623	7,246,951
Co-product cash costs per GEO produced *(ii)*	$ 593	$ 415	$ 485	$ 440
Ore mined (tonnes)	354,547	377,341	1,376,428	1,442,245
Ore processed (tonnes)	352,276	362,874	1,422,054	1,415,292
Gold feed grade (g/t)	6.46	8.59	7.94	7.47
Silver feed grade (g/t)	183.42	195.00	187.16	199.21
Gold recovery rate (%)	93.0	93.0	93.0	93.5
Silver recovery rate (%)	80.3	76.0	75.7	80.0
Sales				
GEO sales *(i)*	99,546	127,431	466,093	457,704
Gold (ounces)	66,700	92,941	337,337	314,079
Silver (ounces)	1,642,279	1,724,509	6,437,790	7,181,263
Depletion, depreciation and amortization per GEO sold	$ 325	$ 269	$ 260	$ 295

(i) GEO assumes gold plus the gold equivalent of silver using a ratio of 50:1 for all periods presented.

(ii) A cautionary note regarding non-GAAP measures is included in *Section 14* of this Management's Discussion and Analysis.

In 2013, El Peñón produced 467,523 GEO, which consisted of 338,231 ounces of gold and 6.5 million ounces of silver, representing an increase from 462,496 GEO, which consisted of 317,557 ounces of gold and 7.2 million ounces of silver in 2012. Production at El Peñón is expected to normalize to an average of approximately 440,000 GEO per year.

Co-product cash costs for 2013 were $485 per gold ounce, compared with $440 per gold ounce in 2012. The increase in co-product cash costs per GEO was mainly due to labour inflation partially offset by higher gold feed grades.

In the fourth quarter of 2013, El Peñón produced 101,364 GEO, which consisted of 68,246 ounces of gold and 1.7 million ounces of silver, compared to 128,119 GEO, which consisted of 93,448 ounces of gold and 1.7 million ounces of silver in the same quarter of 2012. Production decreased mainly as a result of normal sequencing in the mine plan which called for mining in lower gold and silver grade areas. Silver recoveries which vary according to the blending of ore being fed to the mill also impacted production.

Co-product cash costs were $593 per gold ounce, compared with $415 per gold ounce in the fourth quarter of 2012. The increase in co-product cash costs per GEO was mainly due to labour inflation and higher per-unit fixed cost as a result of lower GEO production.

MERCEDES, MEXICO *(i)*

Operating Statistics	*For the three months ended December 31,* 2013	2012	*For the years ended December 31,* 2013	2012
Production				
Total GEO production	31,716	39,443	141,618	126,010
Commercial GEO production *(ii)*	31,716	39,443	141,618	117,051
Commissioning GEO production	-	-	-	8,959
Total gold production (ounces)	28,821	36,057	129,327	116,215
Commercial gold production (ounces)	28,821	36,057	129,327	108,014
Commissioning gold production (ounces)	-	-	-	8,201
Total silver production (ounces)	144,715	169,313	614,562	489,747
Commercial silver production (ounces)	144,715	169,313	614,562	451,835
Commissioning silver production (ounces)	-	-	-	37,912
Co-product cash costs per GEO produced *(iii)*	$ 656	$ 435	$ 496	$ 485
Ore mined (tonnes)	166,401	136,105	640,967	513,684
Ore processed (tonnes)	169,768	164,285	670,867	603,188
Gold feed grade (g/t)	5.58	7.38	6.16	6.43
Silver feed grade (g/t)	72.84	85.17	79.39	78.42
Gold recovery rate (%)	94.3	95.8	94.5	94.8
Silver recovery rate (%)	35.5	39.0	34.4	32.0
Sales				
GEO sales *(ii)*	33,062	36,879	146,438	126,515
Gold (ounces)	30,102	34,085	133,421	116,894
Silver (ounces)	148,020	139,686	650,873	481,071
Depletion, depreciation and amortization per GEO sold	$ 331	$ 241	$ 281	$ 254

(i) Mercedes was under construction in 2011. Commissioning of the mine started in November 2011 and was completed February 1, 2012.

(ii) GEO assumes gold plus the gold equivalent of silver using a ratio of 50:1 for all periods presented.

(iii) A cautionary note regarding non-GAAP measures is included in *Section 14* of this Management's Discussion and Analysis.

In 2013, Mercedes produced 141,618 GEO, which consisted of 129,327 ounces of gold and 614,562 ounces of silver, compared with 126,010 GEO, which consisted of 116,215 ounces of gold and 489,747 ounces of silver in 2012. The production increase was driven by increased tonnage of ore processed which as planned offset lower gold feed grades.

Co-product cash costs averaged $496 per GEO which were 2% higher than the average of $485 per GEO in 2012. Co-product cash costs increased slightly due to higher mining costs per GEO associated with mining in lower grade areas as part of the mine plan.

Production of 31,716 GEO in the fourth quarter consisted of 28,821 ounces of gold and 144,715 ounces of silver, compared with 39,443 GEO, which consisted of 36,057 ounces of gold and 169,313 ounces of silver in the fourth quarter of 2012. The lower quarterly production was the result of normal mine sequencing in areas of lower gold and silver grades.

Co-product cash costs of $656 per GEO were 51% higher than $435 in the same quarter of 2012. Higher co-product cash costs were due to higher mining costs associated with mining in lower grade areas as part of the mine plan.

Development continued at the Barrancas zone, where the higher grade Lagunas Norte vein, one of the newest discoveries at the mine, is located. Production of the Barrancas zone started in the third quarter of 2012. Confirmation of the width and grades of mineralization by infill drilling at Lupita and the recent discovery of high-grade mineralization at Rey del Oro that may be amenable to underground mining methods have positively impacted measured and indicated mineral resources. Development of Diluvio will commence in 2014.

GUALCAMAYO, ARGENTINA

Operating Statistics	For the three months ended December 31, 2013	2012	For the years ended December 31, 2013	2012
Production				
Gold production (ounces)	34,929	31,502	120,337	147,310
Co-product cash costs per gold ounce produced (i)	$ 825	$ 485	$ 772	$ 536
Ore mined (tonnes)	1,258,735	1,294,174	4,005,487	9,720,842
Ore processed (tonnes)	1,561,180	2,002,170	6,568,912	7,742,140
Gold feed grade (g/t)	1.61	0.66	0.88	0.80
Gold recovery rate (%)	43.7	75.8	72.5	75.5
Sales				
Gold sales (ounces)	34,264	33,568	111,134	149,372
Depletion, depreciation and amortization per gold ounce sold	$ 522	$ 383	$ 489	$ 352

(i) A cautionary note regarding non-GAAP measures is included in *Section 14* of this Management's Discussion and Analysis.

In 2013, Gualcamayo produced 120,337 ounces of gold compared with 147,310 ounces produced in 2012. Lower production was the result of fewer tonnes processed and lower recovery rates, partly offset by improved feed grade. Gualcamayo underwent a transition in 2013 as the mine's open-pit operations at QDD Main transitioned to the new Phase III, resulting in a decline in ore processed compared to that of 2012. Production at QDD Main Phase III began in August and ramp-up, which has been slower than plan, continued into the fourth quarter impacting the total tonnage. The QDD Lower West ("QDDLW") underground mine also began to contribute to heap leach stacking. Completion of the underground conveyor for QDDLW is expected in the second quarter and production is expected to ramp-up each quarter during 2014.

Co-product cash costs in 2013 averaged $772 per ounce compared with $536 per ounce in 2012. Co-product cash costs were impacted by the inflationary pressures on the local cost escalation of labour, operational services and contractors.

Gualcamayo produced 34,929 ounces of gold in the fourth quarter compared with 31,502 ounces produced in the fourth quarter of 2012. Higher production was the result of feed from higher grade ore from QDD Main Phase III, Amelia Ines ("AIM") and QDDLW underground which was partially offset by lower recoveries from AIM and QDDLW ore. Production at Gualcamayo for December and January averaged over 14,000 ounces per month, consistent with expected production levels of the expanded operation.

The metallurgy of the ore from AIM and QDDLW requires a longer leaching cycle than that of QDD Main and will result in lower recoveries. Planned improvements to the existing plant including the installation of a filtering station and an increase in the volume of treatment capacity are planned in 2014 to improve recovery rates.

Co-product cash costs were $825 per ounce in the fourth quarter compared with $485 per ounce in the fourth quarter of 2012. Higher co-product cash costs were mainly due to delays in the transition to QDD Main Phase III, start-up of higher cost underground mining at QDDLW and the duration of the leaching cycle. Higher cash costs were further exacerbated by the effect of local inflationary pressure on labour and services.

Mining costs decreased by 10% from the third quarter and the trend is expected to continue in the first quarter of 2014. Efforts are being made to reduce development costs by transitioning the underground mine development to be performed fully in-house by the second half of 2014. To date, most of the equipment has been delivered and the Company is now operating with a planned reduction of contractors. Additionally, the Company is looking at renting equipment for QDD Main as a means of increasing equipment availability and reducing maintenance and overhaul costs. Cash costs per ounce will, however, vary depending on the area from which ore is being sourced. Periods with a higher proportion of ore sourced from the underground mine will generate higher operating costs.

The Company continues to have exploration success with the increase of the sulphide resource at QDDLW and related areas including Rodado (refer to *Section 8 – Mineral Reserves and Mineral Resources*). As the sulphide portion of the orebody grows, the Company is continuing to progress with studies of the options for processing these newly discovered resources.

JACOBINA, BRAZIL

Operating Statistics	For the three months ended December 31, 2013	2012	For the years ended December 31, 2013	2012
Production				
Gold production (ounces)	19,519	28,337	73,695	116,863
Co-product cash costs per gold ounce produced (i)	$ 1,140	$ 825	$ 1,174	$ 747
Ore mined (tonnes)	390,768	503,669	1,569,937	2,109,613
Ore processed (tonnes)	396,235	508,737	1,575,629	2,104,683
Gold feed grade (g/t)	1.64	1.87	1.57	1.84
Gold recovery rate (%)	93.2	92.5	92.2	93.8
Sales				
Gold (ounces)	19,105	25,843	77,190	114,786
Depletion, depreciation and amortization per gold ounce sold	$ 585	$ 487	$ 561	$ 428

(i) A cautionary note regarding non-GAAP measures is included in *Section 14* of this Management's Discussion and Analysis.

In 2013, Jacobina produced 73,695 ounces of gold, compared with 116,863 ounces of gold produced in 2012. Production was lower resulting from lower throughput, lower feed grade and higher dilution. Production at Jacobina met the revised goals set in the first quarter of 2013 and more importantly the near term objective for improvement of costs and underground development have been met, and the longer term objective of development of higher grade areas is in progress.

Co-product cash costs averaged $1,174 per ounce for the year compared with $747 per ounce in 2012 as a result of lower production volume in 2013.

Gold production at Jacobina was 19,519 ounces in the fourth quarter, compared with 28,337 ounces produced in the same quarter of 2012. Production was lower resulting from lower feed grade, higher dilution and lower tonnage processed.

Co-product cash costs were $1,140 per ounce for the fourth quarter, a decline from the beginning of the year as a result of the cost containment initiatives implemented since the second quarter, compared to co-product cash costs of $825 per ounce for the fourth quarter of 2012. Higher co-product cash costs in the fourth quarter compared to the same quarter last year reflect reduced production volume but are expected to return to levels of approximately $800 to $850 per ounce in the longer-term.

The Company has taken an impairment charge of $55.0 million against the carrying value of the goodwill allocated to the Jacobina mine in the fourth quarter. For further details please refer to *Section 5.1* of this MD&A.

MINERA FLORIDA, CHILE

Operating Statistics	For the three months ended December 31, 2013	2012	For the years ended December 31, 2013	2012
Production				
GEO total production *(i)*	30,513	32,797	118,590	105,679
GEO commissioning production	-	-	-	1,861
GEO commercial production	30,513	32,797	118,590	103,818
Gold total production (ounces)	24,539	27,889	99,000	89,163
Gold commissioning production (ounces)	-	-	-	1,486
Gold commercial production (ounces)	24,539	27,889	99,000	87,677
Silver total production (ounces)	298,696	245,383	979,514	825,812
Silver commissioning production (ounces)	-	-	-	18,737
Silver commercial production (ounces)	298,696	245,383	979,514	807,075
Co-product cash costs per GEO produced *(ii)*	$ 592	$ 805	$ 747	$ 797
Ore mined (tonnes)	228,086	205,882	798,062	859,953
Ore processed (tonnes)	492,257	222,440	1,754,785	902,788
Gold feed grade (g/t)	2.07	3.53	2.45	3.34
Silver feed grade (g/t)	39.16	46.90	32.02	39.29
Gold recovery rate (%)	79.0	81.6	76.1	81.1
Silver recovery rate (%)	61.6	69.8	57.2	67.6
Sales				
GEO sales *(i)*	29,732	33,244	118,687	107,198
Gold (ounces)	24,095	27,075	98,524	86,455
Silver (ounces)	281,871	308,436	1,008,148	1,037,150
Depletion, depreciation and amortization per GEO sold	$ 657	$ 582	$ 599	$ 600

(i) GEO assumes gold plus the gold equivalent of silver using a ratio of 50:1 for all periods presented.

(ii) A cautionary note regarding non-GAAP measures is included in *Section 14* of this Management's Discussion and Analysis.

In 2013, Minera Florida produced 118,590 GEO, which consisted of 99,000 ounces of gold and 979,514 ounces of silver, compared to 105,679 GEO, which consisted of 89,163 ounces of gold and 825,812 ounces of silver in 2012, representing an increase in GEO production by 12%. Production at Minera Florida was as expected as the expansion for the retreatment of historic tailings made a contribution in the first of a five year planned production profile. Production in 2013 included commissioning production of 1,861 GEO from the tailings retreatment plant.

In addition, the mine produced and sold 5,997 tonnes of zinc in 2013, compared with 5,381 tonnes of zinc produced and sold in 2012. Zinc is accounted for as a by-product credit to cash costs.

Co-product cash costs for the year were $747 per GEO compared with $797 per GEO in 2012. The retreatment of the tailings has contributed lower cost ounces to Minera Florida's production profile benefiting from no mining costs. Additionally cash costs benefited from higher credits from the sale of zinc resulting from an 11% increase in volume of zinc sold and higher prices for zinc compared to 2012.

In the fourth quarter of 2013, Minera Florida produced 30,513 GEO, which consisted of 24,539 ounces of gold and 298,696 ounces of silver, compared to 32,797 GEO, which consisted of 27,889 ounces of gold and 245,383 ounces of silver in the fourth quarter of 2012. Lower production was mainly attributed to lower feed grades and lower recovery rates.

Co-product cash costs for the quarter were $592 per GEO, representing a 26% reduction, compared with $805 per GEO in the same quarter in 2012. In 2013, the Company initiated a plan of headcount reductions and cost improvements that resulted in co-product cash costs per GEO in the fourth quarter 22% lower than that of the third quarter and 35% lower than that of the second quarter. Production from the tailings retreatment plant has also benefited from no mining costs associated with the reprocessing of tailings material.

The mine produced and sold 1,647 tonnes of zinc concentrate in the quarter, compared with 1,353 tonnes of zinc concentrate produced and sold in the fourth quarter of 2012. Higher credits from the sale of zinc resulted from a 22% increase in volume of zinc sold compared to the fourth quarter of 2012.

OTHER MINES

The following table presents key operating statistics for the Company's other continuing mining operations and its equity investment in Alumbrera:

	For the three months ended December 31, 2013	2012	For the years ended December 31, 2013	2012
FAZENDA BRASILEIRO, BRAZIL				
Production				
Gold production (ounces)	18,270	18,251	70,079	67,130
Co-product cash costs per ounce produced *(i)*	$ 809	$ 856	$ 808	$ 872
Ore mined (tonnes)	263,584	260,855	1,036,744	1,018,911
Ore processed (tonnes)	284,684	270,998	1,103,248	1,048,489
Gold feed grade (g/t)	2.15	2.28	2.17	2.22
Gold recovery rate (%)	93.3	91.8	91.1	89.5
Sales				
Gold sales (ounces)	17,152	17,773	69,193	66,805
Depletion, depreciation and amortization per gold ounce sold	$ 220	$ 173	$ 214	$ 181
ALUMBRERA (12.5% interest), ARGENTINA				
Production				
Concentrate (tonnes)	17,547	14,669	55,115	65,140
Gold production (ounces)	845	1,112	3,445	3,849
Gold production in concentrate (ounces)	10,474	9,657	35,712	42,228
Total gold produced	11,319	10,769	39,157	46,077
Copper contained in concentrate (millions of pounds)	9.6	8.5	30.2	37.4
By-product cash costs per ounce of gold produced *(i)*	$ (261)	$ (2,012)	$ (252)	$ (1,203)
Co-product cash costs per ounce of gold produced *(i)*	$ 313	$ 343	$ 364	$ 308
Co-product cash costs per pound of copper produced *(i)*	$ 1.75	$ 2.15	$ 2.21	$ 1.81
Ore mined (tonnes)	1,195,276	978,841	3,181,381	3,923,822
Ore processed (tonnes)	1,211,561	1,305,186	4,671,322	4,962,373
Gold feed grade (g/t)	0.40	0.36	0.37	0.40
Copper feed grade (%)	0.43	0.30	0.37	0.40
Concentrate grade – gold (g/t)	18.55	20.47	20.32	20.13
Concentrate grade – copper (%)	24.80	26.20	24.90	26.10
Gold recovery rate (%)	73.0	71.0	70.0	71.0
Copper recovery rate (%)	84.0	85.0	79.0	84.0
Sales				
Concentrate (tonnes)	12,986	20,139	49,304	64,086
Payable gold contained in concentrate (ounces)	7,246	12,593	31,243	40,455
Gold doré (ounces)	1,045	953	3,278	3,125
Total gold sales (ounces)	8,291	13,546	34,521	43,580
Payable copper contained in concentrate (millions of pounds)	6.6	11.1	25.8	35.4

(i) A cautionary note regarding non-GAAP measures is included in *Section 14* of this Management's Discussion and Analysis.

FAZENDA BRASILEIRO, BRAZIL

In 2013, Fazenda Brasileiro produced 70,079 ounces of gold compared to 67,130 ounces of gold in 2012, representing a 4% year-over-year increase and its second consecutive yearly increase. Co-product cash costs averaged $808 per ounce for the year, representing a 7% decrease from $872 per ounce in 2012.

Production was 18,270 ounces of gold in the quarter compared to 18,251 ounces of gold in the same quarter of 2012.

Co-product cash costs averaged $809 per ounce for the fourth quarter, 5% lower than $856 per ounce in the fourth quarter of 2012. In 2013, the Company initiated a plan to reduce costs and now will return the focus to the production growth objectives at Fazenda Brasileiro.

The Company has continued to extend mine life since the operation was acquired in 2003 with two and a half years of mine life remaining based on the known mineral reserves at that time. The Company continues infill and extension drilling at Fazenda Brasileiro with a focus on finding additional mineral reserves and mineral resources.

ALUMBRERA, ARGENTINA

The Company's interest in Alumbrera is accounted for as an equity investment. The Company recorded a loss from its 12.5% interest in Alumbrera of $3.9 million and $5.1 million for the year and three months ended December 31, 2013, respectively, compared with earnings of $50.6 million and $18.1 million for the same periods of 2012. Decrease in equity earnings was mainly due to lower revenues as a result of lower metal prices and lower sales volume of the gold and copper concentrate.

The Company received cash distributions $27.9 million in 2013 of which $6.8 million in the quarter ended December 31, 2013, compared with $*nil* cash distribution in the 2012.

Through its annual impairment testing, the Company has recorded an impairment charge in the amount of $70.0 million in respect to its 12.5% interest in Alumbrera. Further details can be found in *Section 5.1* of this MD&A.

Attributable production from Alumbrera was 39,157 ounces of gold and 30.2 million pounds of copper for 2013, compared with 46,077 ounces of gold and 37.4 million pounds of copper for 2012. For the quarter, attributable production from Alumbrera was 11,319 ounces of gold and 9.6 million pounds of copper. This compares with attributable production of 10,769 ounces of gold and 8.5 million pounds of copper in the fourth quarter of 2012.

By-product cash costs per ounce of gold averaged *negative* $252 for the year and *negative* $261 for the quarter ended December 31, 2013 compared with *negative* $1,203 and *negative* $2,012 per ounce for the comparable periods in 2012. By-product cash costs were higher due to the decrease in copper sale credit as a result of lower average market prices for copper and lower volume of copper sales by Alumbrera in 2013. Co-product cash costs per ounce for gold averaged $364 and $313 for the year and quarter ended December 31, 2013, compared with $308 and $343 per ounce for the same periods of 2012. Co-product cash costs for copper averaged $2.21 per pound and $1.75 per pound for the year and quarter ended December 31, 2013, compared with $1.81 per pound and $2.15 per pound for the comparable periods of 2012.

ERNESTO/PAU-A-PIQUE, BRAZIL

Ernesto/Pau-a-Pique was originally planned as a combination of an open-pit operation at Ernesto and an underground operation at Pau-a-Pique with a common plant. A plan has now been developed which continues to include an underground operation at Pau-a-Pique but now also contemplates a near-to-surface underground operation at Ernesto. The Company continues to evaluate other opportunities including the various satellite open-pit deposits already identified that could further positively contribute to the operation. Commissioning continued in the quarter from the underground Pau-a-Pique with less ore from the first open-pit in Ernesto as an access ramp is being developed in order to evaluate and better understand the near surface underground orebody at Ernesto.

Commissioning production was 27,571 ounces in 2013 and 9,707 ounces for the fourth quarter, representing an increase of 46% from the third quarter. During the fourth quarter, the Company continued to address challenges associated with start-up. In 2013, a loss during commissioning of $30.4 million was capitalized and netted to the capital expenditures of the project. Completion of commissioning is expected in the second quarter of 2014.

As a result of the delayed start-up of operations and the decline in the metal prices, the Company has taken an impairment charge of $168.2 million, net of taxes against the carrying value of the Ernesto/Pau-a-Pique mine in the fourth quarter. For further details please refer to *Section 5.1* of this MD&A.

C1 SANTA LUZ, BRAZIL

Commissioning began in mid-2013 which was delayed due to permitting, availability of equipment and the need to ensure sufficient water reserves for continuous operations. With permits in place and sufficient water secured, C1 Santa Luz is continuing to ramp-up. Process improvements will be a key factor to improve production at the mine.

The Company has developed and is now implementing certain processing improvements which includes the introduction of a thickener and a regeneration furnace. In addition, recoveries should improve as mining transitions to fresh sulphide ore. During the commissioning phase a stockpile was accumulated which will provide additional flexibility increasing reliability for the operation as process improvements are implemented and take hold.

Commissioning production was 12,997 in 2013 and 6,120 ounces of gold in the fourth quarter due to lower recoveries. In 2013, loss during commissioning of $25.9 million was capitalized and netted to the capital expenditures of the project. Completion of commissioning is expected in the third quarter of 2014.

PILAR, BRAZIL

Commissioning began at the beginning of the third quarter and has progressed more gradually than expected due to the decline in metal prices and delays in equipment delivery. However, most of the delayed equipment whose purpose is to improve dilution and productivity has now arrived on site and now better positions the operation to meet 2014 expectations. This new low profile mining equipment is one of a series of initiatives being implemented to increase mining efficiencies at the operation and reduce dilution. The mine infrastructure to support the new low profile equipment will be fully operational in Q2. The Company is also evaluating further opportunities including the potential for more selectively mining the higher grade ore shoots that would have positive impact on the operation as the in-situ grades are higher than the current mineral reserve grade. Efforts are focused on an infill drilling program that is currently underway to ensure these higher grade ore shoots can be mined efficiently.

Commissioning production for the fourth quarter was 10,494 ounces of gold, representing an increase of 115% from the third quarter. Total commissioning production for the year 2013 was 15,374 gold ounces. In 2013, loss during commissioning of $22.1 million was capitalized and netted to the capital expenditures of the project.

Underground development at Pilar continued to progress. The ore from Caiamar, a satellite deposit, is expected to be processed at Pilar with the higher grades offsetting the additional transportation costs. Additionally, the Company has elected to take Maria Lazarus through the development cycle on an expedited basis as the exploration drilling results to date indicate possible contribution to future production. Completion of commissioning is expected in the third quarter of 2014.

7 Construction, Development and Exploration

DEVELOPMENT

All construction projects and all intermediate stage development projects were advancing towards planned start-up. The following summary highlights key updates from the development projects of the Company for 2013. Refer to *Section 6 Operating Mines* for discussion on construction projects.

Cerro Moro, Argentina

Cerro Moro was obtained through the acquisition of Extorre Resources Ltd. in 2012 for total consideration of approximately $449.2 million.

Cerro Moro is a low sulphidation epithermal vein deposit with similarities to the deposits at the El Peñón and Mercedes mines. As of the end of 2013, the deposit hosted probable mineral reserves of 1.53 million GEO, an indicated mineral resource of 352,000 GEO and an inferred mineral resource of 486,000 GEO.

Work continued on updating the feasibility study and is expected to be completed sometime in 2014. The updated feasibility study includes the following parameters:

- Initial capital costs expected to be approximately $150 million;
- Throughput rate of fewer than 750 tonnes per day;
- Expected production of approximately 150,000 GEO per annum;
- All-in sustaining cash costs are expected to be consistent with the Company's current costs structure.

Certain pre-development work, including the development of a production ready decline into one of the ore bodies, continues. Depending on the outcome of the studies and subsequent construction decision, production could begin in 2016. This reduced-scale operation aligns with Yamana's focus to balance production growth and capital spending to maximize value creation, and allows the option to expand the operation in the future if economically justified. The design is consistent with the Company's objective to be prudent in its capital spending in the current market environment.

Suyai, Argentina

The Company plans to apply for the needed permits in 2014. A number of relevant studies have already been completed and others are ongoing, which would position the Company well to apply for permitting this year. The current plan being evaluated includes an underground operation. The plan does not contemplate the use of chemical processes at site for the extraction of precious metals that will produce a precious metal concentrate that could be sold to third parties or potentially processed at Cerro Moro.

The current plan also includes the following parameters:

- Initial capital costs expected to be approximately $220 million;
- Throughput rate initially of approximately 1,150 tonnes per day, with a plan to expand over time;
- Expected production of approximately 150,000 GEO per annum;
- All-in sustaining cash costs are expected to be below the Company's current costs structure.

This smaller scale mining approach and processing off-site is a new approach not previously contemplated for the development of Suyai.

This high grade gold-silver deposit has similarities to the deposits at El Peñón, Mercedes, and Cerro Moro, and has the potential to add significant value to the Company's portfolio of producing mines. Consistent with the Company's focus to balance production growth and capital allocation the plan for Suyai is being evaluated to ensure it maximizes value creation while mitigating costs. The Company remains committed to working with local communities and governments to ensure its plan is in compliance with applicable laws and regulations.

EXPLORATION

Exploration at Yamana continues to be a key to unlocking value at existing operations. The 2014 program will continue to focus on finding higher quality ounces, those with the greatest potential to most quickly generate cash flow allowing the Company to grow prudently and profitably.

The exploration expenditure for 2013 was $112.0 million. Exploration expenditures included an infill program at Cerro Moro and Gualcamayo, which added new mineral resources. Exploration will continue to focus on mineral resource discovery and development as well as mineral reserve growth at existing operations, development projects and on new discoveries to continue developing the Company's project pipeline. A total of 242,200 metres of drilling at 12 mines and projects were completed as part of the 2013 exploration program.

Consistent with the Company's cost containment initiatives and the focus on ounces that can best contribute to cash flow, the Company has evaluated its exploration program and where prudent has reallocated funds to those programs delivering the most encouraging results.

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

For the years ended December 31, (In millions of Dollars)	2013	2012
Exploration and evaluation capitalized *(i)*	$ 81.8	$ 101.3
Exploration and evaluation expensed *(ii)*	30.2	58.0
Total exploration and evaluation	$ 112.0	$ 159.3

(i) Capitalized exploration and evaluation costs are reflected in the consolidated balance sheet, property, plant and equipment as part of the additions to mining property costs not subject to depreciation for near-mine exploration and tangible exploration and evaluation assets with probable future economic benefits.

(ii) Expensed exploration and evaluation costs are reported in the consolidated statements of operations.

The following summary highlights key updates from the exploration program at the Company for 2013.

Chapada, Brazil

The focus of the 2013 exploration program at Chapada was the completion of an infill program at Corpo Sul to further upgrade the mineral resources to mineral reserves. The program at Chapada included 3,545 metres in 51 holes with favorable results. Closer spaced drilling identified southwest trending high grade gold and copper mineralized zones that will improve the average grade of the Corpo Sul and Chapada deposits and add both copper pounds and gold ounces to the mineral resource and mineral reserve inventory. Exploration efforts at Chapada have resulted in increased gold and copper mineral reserves for year end 2013 and have developed important additional targets that will be tested in 2014. The Chapada near mine exploration program investigated several targets including Hidrothermalito Sul, South Mundinho, Suruca and Suruca West using geophysics, geologic mapping and stream and outcrop geochemical sampling to develop drill targets.

Hidrothermalito Sul – Assay results received early in the fourth quarter define drill intercepts of anomalous gold up to 12 metres in length in several holes The Company is encouraged by these initial results and will incorporate this information to develop new targets to be tested in 2014.

Suruca – Final assay results from the 50 by 50 metre infill drill program are in hand and will be evaluated for mineral resource and mineral reserve potential in 2014.

Arco Sul – Arco Sul is a discovery made in late 2010 located in Western Goias State, 260 kilometres southwest of Yamana's Chapada mine. Grade shell models were constructed during the fourth quarter utilizing a 1.5 g/t cut-off grade for the high grade envelopes and 0.5 g/t Au for the low grade envelopes for both the Lavrinha and Vital deposits. A total of 16 mineral zones are defined at Lavrinha and 11 at Vital. Mineral resources will be reported internally at a 1.5, 2.0 and 2.5 cut-off grade to help define deposit economics and sensitivity.

Ernesto/Pau-a-Pique, Brazil

The 2013 exploration program included a total of 13,928 meters that were completed in 95 drill holes investigating near-mine targets and extensions. This program discovered several new mineral traps that host potential ore grade gold mineralization which may lead to higher production rates and extend the life of mine profile. Surface mapping and geochemical sampling located the Upper, Bonus and Ponces Lacerda traps, which are new discoveries on the surface, and drilling has confirmed that the Upper and Bonus traps extend laterally and down dip.

Pilar, Brazil

Underground mapping and sampling along with computer modeling of drill data has identified moderate to high grade inferred resource ore shoots that will be drill-tested from the surface during 2014 to expand the mineral resource and mineral reserve base at Pilar.

Maria Lazarus – The Maria Lazarus target is located 15 kilometres west of the Pilar mine in the Guarinos greenstone belt. The Maria Lazarus access ramp drilling was completed in October with 1,002 metres drilled in 13 holes. A geologic model of Maria Lazarus was developed outlining eight identifiable units including quartz-biotite-chlorite schist which hosts the majority of the gold bearing quartz and quartz-albite vein mineralization at Maria Lazarus. The mineral resource model was also developed into three regions (south, central and north) and divided into five levels. The mineral zones at Maria Lazarus dip 40-50 degrees and are thought to be extractable using common underground mining techniques.

Caiamar – Geologic work was focused on mapping the underground exposures. Mapping identified two main phases of deformation via thrust faulting and northwestern to southeastern structural movement.

C1 Santa Luz, Brazil

The 2013 exploration program was successful in identifying and outlining a deep down dip extension to the C1 near-surface deposit that will add important ounces and grade to the mineral resource inventory. The new mineralization is thought to be of sufficient width and grade to be economically extracted using common underground mining techniques. An economic evaluation will be initiated in 2014.

During the year, the near-mine and district exploration drill programs completed 21,332 metres distributed in 66 holes. The near mine program tested the up-dip extension of the southwestern deep target and completed infill holes and tested the northern extensions at Antas III. The regional program tested the Gravata and Rancho do Carneiro targets. Results from both programs are in line with prior results and are being evaluated for economic potential.

Results of additional surveys to be performed to collect IP Resistivity data at C1 and Magnetotellurics (MT) activity over the meta-volcanic rocks to the west will be incorporated into the exploration program for 2014.

Cerro Moro, Argentina

The focus of the 2013 exploration program was to develop and test new targets that are both within and outside of the known mineralized structural blocks. During the fourth quarter, 1,077 metres in five holes were drilled to complete the 2013 exploration drill program. This drilling tested the Carlita, Patricia and Margarita veins in an effort to build and expand the known mineralization envelopes. The final hole of the year drilled at the southeast end of the Margarita system cut important gold and silver values directly beneath the P0/P1 contact leaving the structure open to the southeast and to depth.

Following completion of the exploration drill program, the geology department focused on end of year data compilation, local mapping and sampling programs, development support activities, mineral resource estimation and outlining the 2014 exploration program.

Gualcamayo, Argentina

Due to positive results returned from drill holes testing the Rodado southwest and beneath QDDLW early in the year, exploration drilling was focused on Rodado southwest. During the fourth quarter, two diamond core rigs completed a total of 3,878 metres distributed in nine holes positioned from two underground drill stations. Positive assay results from these holes continued to expand the mineral envelope of Rodado southwest and the potential ore body, which remains open along strike and down dip. This deep mineralization is unoxidized and found largely within hydrothermal and tectonic breccia. A feasibility study is needed to determine the viability of the mineral zones.

El Peñón, Chile

The 2013 exploration program tested the limits of near-mine veins and ore zones for extensions and probed the limits of the El Peñón mine complex for new discoveries. Both programs were successful in finding new veins, such as the NW(“north west”)1, NW2 and NW3 structures within the Providencia system and the a new vein structure referred to as the Borde Oeste vein located one kilometer east of the Cerro Martillo operations. Both discoveries will be subject to infill drilling during 2014 to upgrade the mineral resources to mineral reserves and find a spot in the life of mine production tables at El Peñón.

Surface and underground based drill-testing of targets within the El Peñón mine area continued through the fourth quarter with 29,514 metres distributed in 95 holes completed, bringing the year 2013 drill totals to 93,333 metres completed in 298 holes. Exploration and limited infill drill-testing of the NW1, NW2 and NW3 targets within the Providencia structural trend continued along with a similarly focused program on the newly discovered Borde Oeste trend.

At the NW1, NW2 and NW3 northwest trending structures tested within the Providencia system, narrow to moderate widths of moderate to high grade gold and silver are being defined.

In an effort to expand near-mine targets and develop new structures, long horizontal holes have been completed. One drill hole to the west from the south end of the Providencia tunnel cut three potential structural extensions as evidenced by narrow high grade gold and silver assay results. The final 0.5 metre intercept of moderate gold and silver values is 300 meters south of the Pampa Campamento structure. These intercepts will be followed up with both surface and underground based drilling in the first quarter of 2014.

Minera Florida, Chile

The 2013 exploration program at Minera Florida tested numerous targets within the Mina Este structural zone adjacent to the Milenium complex and Tribuna northwest, Sorpresa and Peumo to the northwest, and also executed a near-mine exploration program, testing surface targets close to the Minera Florida mine compex. Exploration was successful testing most of the targets for mineral resource extensions, added new mineral resource ounces and developed new target areas for testing in 2014. In the fourth quarter the program completed 4,510 metres distributed in 29 holes. The program tested targets within Mina Este such as Triangulo Mineralizado, Lisset and PVO and additional targets including Tribuna, Victoria and Hallazgo. Assay results continue to show positive results from most targets. As an example, a hole drilled at the Triangulo Mineralizado target cut 10 mineral intercepts in the first 70 metres of the hole that are characterized as narrow to moderately wide zones of potential ore grade gold equivalent grades.

The near-mine exploration program completed 3,069 metres in 13 holes to test the down dip extensions of the Las Lauras-Fantasma and Gasparin-Lazo-Polvorin structural system from surface based drill locations. Results received to date are mixed. The structural trends were cut by all of the drill holes yet grade continuity was not firmly established. Evaluation of the results is on-going.

8 Mineral Reserve and Mineral Resource Estimates

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

Complete information relating to mineral reserves and mineral resources indicating tonnage, grade and the various mines and projects will be contained in a complete mineral resource and mineral reserve table accompanying the 2013 annual report.

Total year end 2013 proven and probable mineral reserves were 18.5 million gold equivalent ounces (“GEO”) compared to 19.3 million GEO in 2012 representing a decrease of 4%. This is offset by significant increases in measured and indicated mineral resources, almost of all which are at existing operations. On a gold equivalent basis, the average grade of mineral reserves decreased by approximately 6% to 0.90 grams per tonne (“g/t”) from 0.96 g/t in 2012.

Measured and indicated mineral resources on a GEO basis increased by 10% to 17.3 million GEO (contained gold – 16.3 million ounces; contained silver – 51.7 million ounces) as at December 31, 2013, compared with measured and indicated mineral resources of 15.6 million GEO (contained gold – 14.1 million ounces; contained silver – 78.8 million ounces) in 2012. Measured and indicated mineral resources increased from 2012 mainly due to the addition of mineral resources from Cerro Moro and new mineral resources from Gualcamayo. Total inferred mineral resources increased by 32% to 15.0 million GEO (contained gold – 13.4 million ounces; contained silver – 81.2 million ounces).

Assumptions for metal prices used in the estimates of mineral reserves and mineral resources changed for silver and copper from 2012: gold price of $950 per ounce, silver price of $18 per ounce, and copper price of $2.80 per pound, except where noted in the mineral reserve and mineral resource tables contained in the Company’s 2013 annual report. Please refer to the mineral reserve and mineral resource table contained in the Company’s 2013 annual report and the Company’s website for a complete listing of metal-price assumptions used in the calculation of mineral reserves and mineral resources by project.

Exploration continues to be a key to unlocking value at existing operations. The 2014 program will continue to focus on finding higher quality ounces, those with the greatest potential to most quickly generate cash flow allowing the Company to grow prudently and profitably. The Company expects to spend approximately $70 million on exploration in 2014.

The most notable changes are detailed below:

El Peñón, Chile

Gold equivalent measured and indicated mineral resources increased by more than 100% to 1.4 million GEO at 12.41 g/t contained in 3.4 million tonnes of ore. Gold equivalent mineral reserves decreased by 13% to 3.3 million GEO after production of 534,500 contained GEO. Gold equivalent mineral reserve tonnage at an average grade of 9.66 g/t decreased by 19%. The 2014 exploration program at El Peñón will focus on converting mineral resources to mineral reserves. This includes focused infill drill programs at Providencia Este, Al Este Foot Wall, Al Este East and Borde Oeste. Gold equivalent inferred resources increased to 2.3 million GEO from 1.8 million GEO, representing a 31% increase in contained GEO and an increase in the average grade to 12.6 g/t.

There are currently 35 active mining areas within the El Peñón mine complex. Production of gold and silver at El Peñón was only partly offset by conversion of resource ounces to reserves in 2013. Losses due to mining at Providencia, Al Este, Bonanza, Dominador and other zones were replaced by gains in mineral reserves at Veta Norweste, PAV, Dorada southwest and others. The 2014 exploration program at El Peñón will focus on converting mineral resources to mineral reserves. This includes focused infill drill programs at Providencia Este, Al Este Foot Wall, Al Este East and Borde Oeste.

Chapada, Brazil

Gold equivalent mineral reserves were 3.8 million GEO, at an average grade of 0.25 g/t contained in 479.8 million tonnes, an increase of 156,000 GEO over 2012, after production of 188,000 contained GEO. Measured and indicated gold equivalent mineral resources decreased by approximately 8% to 2.2 million GEO contained in 176.6 million tonnes at 0.38 g/t, mainly as a result of the conversion of mineral resources to mineral reserves at Corpo Sul. Gold equivalent inferred mineral resources also increased by 9% to 933,000 GEO contained in 171.9 million tonnes at 0.17 g/t.

Copper proven and probable mineral reserves increased by 7% to 2.6 billion pounds with an average grade of 0.29%. Copper measured and indicated mineral resources decreased by 62% to 422 million pounds of copper with an average grade of 0.20%.

Chapada mineral reserves increased in both gold and copper content due to several factors. The 50 meter by 50 meter infill program at Corpo Sul encountered long intervals of higher grade copper and gold values compared to those drilled previously resulting in higher average grades, more tonnes and a larger overall ore body despite using a 1.0 revenue factor pit versus the 1.25 revenue factor pit used for the 2012 mineral reserve calculation. Mineral resource tonnes, gold ounces and copper pounds were lower than 2012 levels due to the conversion of measured and indicated mineral resources and the upgrade of inferred mineral resource tonnes, gold ounces and copper pounds to mineral reserves.

Jacobina, Brazil

Measured and indicated gold mineral resources increased by 26% to 2.6 million ounces contained in 33.9 million tonnes of mineral resources at 2.40 g/t. Inferred mineral resources increased by 30% to 1.6 million ounces contained in 15.8 million tonnes of mineral resources at 3.11g/t. Proven and probable gold mineral reserves decreased by approximately 11.0% to 2.2 million ounces, after production of 77,000 contained ounces.

Increases in measured and indicated mineral resources at Moro do Vento, Morro do Cuscuz and Serra do Corrego were accomplished by infill drilling and updates to the geologic model. Reductions in mineral reserves at Jacobina are a result of mining and changes to the resource model at Joao Belo. At Joao Belo, an infill and ore delineation program indicated that portions of the resource model were narrower than previously modeled resulting in a reduction of contained gold mineral reserves. Additional minor mineral reserve losses at Canavieiras Central and Moro Corrego were largely offset by gains due to infill and extension drilling at Canavieiras South and Moro do Vento.

Gualcamayo, Argentina

Gold measured and indicated mineral resources were 94.8 million tonnes at 1.01 g/t containing 3.1 million gold ounces. This represents an increase in gold measured and indicated mineral resources of 163% from the prior year. Similarly, gold inferred mineral resources increased by 268%, partly explained by an increase in the average grade of gold inferred resources of 25% from the prior year. Inferred gold mineral resources were 30.4 million tonnes at 2.08 g/t containing 2.0 million gold ounces. Gold mineral reserves were 32.2 million tonnes at 1.33 g/t containing 1.4 million gold ounces.

Mineral reserves at Gualcamayo decreased by 690,000 gold ounces during 2013 as a result of mining and a revision of planned mining techniques and associated higher mining costs. Gold mineral reserves at the QDD open pit decreased due to the extraction and the degrading of a portion of in-pit mineral reserves to mineral resource status due to a redesign of the life-of-mine pit limits that excludes some ounces previously thought to be more economic. A reduction of 2012 mineral reserves was due to increased costs and a change in mining techniques that were made at QDD Lower West ("QDDLW") and Rodado.

The focus in 2013 at Gualcamayo was on the definition and expansion of the Rodado breccia, a new zone discovered in 2011 southwest of QDDLW. As a result, measured and indicated mineral resources increased by 163% with an 8% decrease in grade. A significant amount of gold mineral resources at Gualcamayo are within the Rodado breccia and QDDLW, and given the current size of the sulphide portion of the mineral resources in these zones, further mineral resource increases are expected in these areas hence the Company is undertaking a study to evaluate the installation of a mill.

Minera Florida, Chile

Proven and probable gold equivalent mineral reserves were 706,000 GEO compared to 974,000 GEO in 2012 after production of 164,000 contained GEO. There are 64 individual ore shoots or veins that contribute to the mineral reserve totals at Minera Florida. The majority of production during 2013 was sourced from the Tribuna, Puemo, Hallazgo, Falla Hallazgo, Rafael and Marilyn ore zones. Mining of these zones during 2013 were only partly offset by additions to mineral reserves at Maqui Clavo II, Gasparin, Mejas and other veins.

Measured and indicated mineral resources increased by 49% to 848,000 GEO at an average gold equivalent grade of 6.02 g/t while inferred mineral resources increased by 36%. The increase in mineral resources is the result of many moderate additions to the mineral resource inventory with the more substantial additions from new discoveries and extensions of the Maqui Sur, Aqua Fria, Marisol, Florencia, HME Centro, PVO Sur and Megias veins and mineral zones.

Mercedes, Mexico

Gold equivalent proven and probable mineral reserves were 5.6 million tonnes at 5.03 g/t containing 905,000 GEO. The average grade contained in gold equivalent mineral reserves increased by 4% from prior year. Mineral reserve reductions due to mining and/or a change in estimation parameters occurred at the Corona de Oro, Klondike, Lagunas, and Corona de Oro CAF ore bodies. These mineral reserve losses were partly offset by new discoveries, extensions and mineral resource to mineral reserve upgrades at Casa Blanca, Barrancas Centro, Rey del Oro and Tarasito. The reduction in mineral reserves is also attributable to production and a focus of exploration efforts on adding new gold equivalent ounces to the mineral resource inventory. Measured and indicated gold equivalent mineral resources were 3.6 million tonnes at 3.37 g/t containing 388,000 GEO. This represents an increase of 26% in gold equivalent ounces. Inferred gold equivalent mineral resources were 3.3 million tonnes at 4.15 g/t containing 441,000 GEO. This represents an increase in grade of 10% from the prior year. Important additions to the mineral resource inventory were made at the Klondike, Rey del Oro and Barrancas mineral zones.

Fazenda Brasileiro, Brazil

Proven and probable gold mineral reserves decreased by approximately 45% while grade contained in gold mineral proven and probable reserves increased by 5%. Measured and indicated gold mineral resources decreased by approximately 30% and inferred gold mineral resources remained unchanged from 2012. The Company acquired the mine in 2003 with a 2.5 year mine life remaining based on known mineral reserves. Based on current mineral reserves mine life is approximately three years after having been mined by the Company for ten years.

Ernesto/Pau-a-Pique, Brazil

Proven and probable gold mineral reserves were 4.7 million tonnes at 3.47 g/t containing 526,000 ounces. Measured and indicated gold mineral resources were 324,000 ounces in 4.2 million tonnes at 2.38 g/t, and inferred gold mineral resources of 157,000 ounces in 1.6 million tonnes of ore at 3.03 g/t of gold.

C1 Santa Luz, Brazil

Proven and probable gold mineral reserves were 26.7 million tonnes at 1.57 g/t containing 1.3 million ounces. Measured and indicated gold mineral resources were 478,000 ounces in 11.7 million tonnes at 1.27 g/t. Inferred gold mineral resources increased by 596,000 ounces to 1.1 million ounces at 2.49 g/t of gold due to additions from C1 southwest deep extensions and reductions in inferred and indicated mineral resource zones in the C1 open pit.

Pilar, Brazil

Proven and probable gold mineral reserves were 10.8 million tonnes at 4.03 g/t containing 1.4 million ounces. Measured and indicated gold mineral resources were 270,000 ounces in 1.9 million tonnes at 4.44 g/t. Inferred gold mineral resources increased by 299,000 ounces to 1.7 million ounces contained in 12.7 million tonnes of ore at 4.12 g/t of gold. At Pilar, the zones mined during commissioning in 2013 were depleted from the 2012 mineral reserve estimates as the mine continued in commissioning. The planned use of hydraulic mining techniques has been replaced by more conventional drilling and blasting methods. Room and pillar extraction for zones that dip less than 25 degrees and selective blasting for zones that dip greater than 25 degrees remains in place. Smaller underground equipment is on site and will replace the larger equipment currently employed at the Jordino mine.

Cerro Moro, Argentina

Cerro Moro was acquired as a result of the acquisition of Extorre by the Company in August 2012. The Company commenced an aggressive infill exploration program in October 2012 to re-categorize inferred and indicated mineral resources to support a feasibility study.

As at December 31, 2013, 2.0 million tonnes of proven and probable GEO mineral reserves at 24.34 g/t containing 1.5 million GEO have been converted from mineral resources. Measured and indicated gold mineral resources at the end of the year were 1.8 million tonnes at 6.16g/t containing 352,000 GEO. The decrease in measured and indicated mineral resources was due to the upgrade of mineral resources to mineral reserves.

Arco Sul, Brazil

Arco Sul is a new discovery made in late 2010. It is located in western Goias State, 200 kilometres from Goiania, 370 kilometres from Brasilia and 295 kilometres from Pilar. Gold mineralization is hosted in a stock work system within a contact zone of subvolcanic intrusives and the Neoproterozoic volcano-sedimentary basement. The Company's closed and reclaimed mine, Fazenda Nova, represents the small, near surface part of the Arco Sul mineralized system. Sulphide potential at depth has been identified and the Company is now exploring this potential. Diamond drilling started in late September 2010 and to date 72 diamond drill holes totaling 29,979 metres have been completed. Mineralization remains open in all directions and an inferred mineral resource estimate has outlined 646,000 ounces of gold in 5.0 million tonnes of ore at an average grade of 4.02 g/t.

Suyai, Argentina

Measured, indicated and inferred gold equivalent mineral resources are unchanged year-over-year as the development focus at Suyai in 2013 was on the execution of further studies to better position the Company to apply for required permits. A number of relevant studies have already been completed and others are ongoing, which should support the Company in applying for permitting this year. This high grade gold-silver deposit has similarities to the deposits at El Peñón and Mercedes, and has the potential to add significant value to the Company's portfolio of producing mines. The current plan being evaluated includes an underground operation without any chemical processing onsite that will produce a precious metals concentrate that could be sold to third parties or potentially processed at Cerro Moro. Initial capital costs are expected to be low at approximately $220 million, producing approximately 150,000 GEO per annum at an estimated throughput rate of 1,150 tonnes/day.

Lavra Velha, Brazil

Lavra Velha is an early stage exploration target, discovered in 2010, located in Central Bahia State, 550 kilometres from Salvador, 350 kilometres from Jacobina and 480 kilometres from Fazenda Brasileiro. The project lies within a 400 kilometres northwestern trending sequence of Paleoproterozoic acid volcanics which overlie the Archean São Francisco Craton consisting of granitic and mafic intrusions. Four sub-horizontal mineralized levels have been defined at Lavra Velha to date, covering an area of approximately 900 metres by 350 metres. Drilling started in 2010 and 70 diamond drill holes totaling 18,231 metres have been completed to date. Inferred mineral resources of 543,000 ounces of gold have been estimated in 3.9 million tonnes of ore with an average grade of 4.29 g/t. The mineralization is characterized by iron oxide/sulfide rich breccias and remains open in all directions.

The Company's mineral reserves and mineral resources as at December 31, 2013 are summarized in the following table. Complete information relating to mineral reserves and mineral resources indicating tonnage, and grade is contained in a complete mineral resource and mineral reserve table accompanying the 2013 annual report available on the Company's website, www.yamana.com.

Mineral Reserves & Resources Estimates [(a)]	Contained Gold (in 000's ounces)		Contained Silver (in 000's ounces)		GEO [(b)] (in 000's GEO)		Contained Copper (in million pounds)	
Mine/Project	2013	2012	2013	2012	2013	2012	2013	2012
Proven & Probable Mineral Reserves								
Chapada	3,832	3,676	-	-	3,832	3,676	2,649	2,474
El Peñón	1,961	2,291	64,456	72,587	3,250	3,743	-	-
Jacobina	2,157	2,422	-	-	2,157	2,422	-	-
Gualcamayo	1,375	2,065	-	-	1,375	2,065	-	-
Minera Florida	623	845	4,164	6,473	706	974	-	-
Fazenda Brasileiro	168	306	-	-	168	306	-	-
Mercedes	845	953	8,419	10,131	905	1,025	-	-
Ernesto/Pau-a-Pique	526	791	-	-	526	791	-	-
C1 Santa Luz	1,345	1,495	-	-	1,345	1,495	-	-
Pilar	1,402	1,440	-	-	1,402	1,440	-	-
Cerro Moro	715	-	40,723	-	1,529	-	-	-
Jeronimo (57%)	1,082	1,082	-	-	1,082	1,082	-	-
Alumbrera (12.5%)	254	310	-	-	254	310	175	213
Total Proven & Probable Mineral Reserves	16,285	17,676	117,762	89,191	18,531	19,329	2,824	2,687
Measured & Indicated Mineral Resources								
Chapada	2,104	2,296	3,775	3,775	2,180	2,372	874	1,097
El Peñón	870	432	24,130	12,040	1,353	673	-	-
Jacobina	2,614	2,077	-	-	2,614	2,077	-	-
Gualcamayo	3,076	1,171	-	-	3,076	1,171	-	-
Minera Florida	759	512	4,459	2,922	848	570	-	-
Fazenda Brasileiro	116	165	-	-	116	165	-	-
Mercedes	357	287	4,351	3,086	388	309	-	-
Ernesto/Pau-a-Pique	324	141	-	-	324	141	-	-
C1 Santa Luz	478	678	-	-	478	678	-	-
Pilar	270	267	-	-	270	267	-	-
Cerro Moro	122	884	11,488	53,500	352	1,954	-	-
Jeronimo (57%)	139	139	-	-	139	139	-	-
La Pepa	2,760	2,760	-	-	2,760	2,760	-	-
Suyai	2,286	2,286	3,523	3,523	2,356	2,356	-	-
Total Measured & Indicated Mineral Resources	16,275	14,095	51,726	78,846	17,254	15,632	874	1,097
Inferred Mineral Resources								
Chapada	913	839	982	982	933	859	731	565
El Peñón	1,252	962	53,231	40,493	2,317	1,772	-	-
Jacobina	1,584	1,215	-	-	1,584	1,215	-	-
Gualcamayo	2,029	552	-	-	2,029	552	-	-
Minera Florida	907	664	6,023	4,691	1,027	758	-	-
Fazenda Brasileiro	611	611	-	-	611	611	-	-
Mercedes	414	372	3,843	4,284	441	403	-	-
Ernesto/Pau-a-Pique	157	293	-	-	157	293	-	-
C1 Santa Luz	1,086	490	-	-	1,086	490	-	-
Pilar	1,676	1,377	-	-	1,676	1,377	-	-
Cerro Moro	220	222	13,297	13,408	486	490	-	-
Jeronimo (57%)	161	161	-	-	161	161	-	-
La Pepa	620	620	-	-	620	620	-	-
Lavra Velha	543	543	-	-	543	543	-	-
Arco Sul	646	522	-	-	646	522	-	-
Suyai	274	274	575	575	286	286	-	-
Amancaya	351	351	3,270	3,270	416	416	-	-
Total Inferred Mineral Resources	13,444	10,068	81,221	67,703	15,019	11,368	731	565

(a) Refer to the complete Mineral Reserves & Mineral Resources tables in the Company's *2013 Annual Report*.

(b) GEO assumes gold plus the gold equivalent of silver using a ratio of 50:1 with the exception of Mercedes which uses a ratio of 140:1.

9 Liquidity, Capital Resources and Contractual Commitments

LIQUIDITY

In response to the current volatile gold price environment, the Company continues to focus on containing costs in order to maximize available cash. For the year ended 2013, cash flows from operating activities remained strong notwithstanding significant declines in precious metals prices. In the second quarter, the Company implemented a cost savings program which continued into year end.

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

As at December 31, (in thousands of United States Dollars)	2013	2012
Cash	$ 220,018	$ 349,594
Trade and other receivables	$ 80,101	$ 175,297
Long-term debt	$ 1,189,762	$ 765,912
Working capital (i)	$ 81,093	$ 255,134

(i) Working capital is defined as the excess of current assets over current liabilities.

Cash and cash equivalents were $220.0 million as at December 31, 2013 compared to $349.6 million as at December 31, 2012. Cash and cash equivalents were comprised of cash in bank and bank term deposits. The sources and uses of cash and cash equivalent during the year are explained below.

Trade and other receivables at the end of the year were $80.1 million compared with $175.3 million as at December 31, 2012. Gold sales are made at spot prices and gold sale receivables are settled in less than a month. Copper concentrate sales are made in accordance with certain smelter off-take agreements whereby provisional payments of approximately 90% are received within one to four weeks after shipping. Final assays and payment related to these sales are received approximately two to three months thereafter.

Working capital was $81.1 million as at December 31, 2013, compared to $255.1 million as at December 31, 2012.

The following table summarizes yearly cash inflows and outflows:

For the years ended December 31, (In thousands of United States Dollars of inflows/(outflows))	2013	2012
Cash flows from operating activities	$ 653,135	$ 1,158,057
Cash flows from operating activities before changes in non-cash working capital	$ 707,861	$ 1,044,946
Cash flows from financing activities	$ 283,843	$ 146,399
Cash flows used in investing activities	$ (1,053,410)	$ (1,498,030)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities after taking into effect changes in working capital items for 2013 were $653.1 million, compared to $1.16 billion for 2012.

Changes in non-cash working capital items for the year ended December 31, 2013 were cash outflows of $54.7 million compared to inflows of $113.1 million for 2012. As at December 31, 2013, accounts receivable balances were $114.0 million lower relative to the balance as at December 31, 2012 due to lower sales volume and a lower mark-to-market adjustment on concentrate receivables as a result of lower metal prices. Additionally, trade and other payables also declined year-over-year as at December 31, 2013.

Cash flows from operating activities before changes in non-cash working capital (a non-GAAP measure, see *Section 14*) were $707.9 million for the year compared to $1.04 billion for 2012 mainly due to lower earnings before tax.

The Company considers the undistributed earnings of some of our foreign subsidiaries, as disclosed in *Note 29* of the Consolidated Financial Statements, as of December 31, 2013, to be indefinitely reinvested, and accordingly, no distribution taxes have been provided thereon. As of December 31, 2013, the amount of cash associated with indefinitely reinvested foreign earnings was approximately $39.7 million. We have not, nor do we anticipate the need to repatriate these funds to Canada to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs associated with our domestic debt service requirements.

CASH FLOWS FROM FINANCING ACTIVITIES

For the year 2013, cash inflows from financing activities were $283.8 million compared to inflows of $146.4 million in 2012. During the year, the Company drew down on its revolving facility in the amount of $145.0 million compared to $*nil* million in 2012. In the second quarter of 2013, the Company issued senior debt notes for a total of $300.0 million of which $35.0 million has a maturity date of June 10, 2023 bearing interest at a rate of 4.78% per annum. Also included in cash flows from financing activities are dividends in the amount of $196.3 million at a rate of $0.26 per share per annum. this compares to $168.2 million of dividends paid in 2012 at a rate of $0.25 per share per annum.

CASH FLOWS USED IN INVESTING ACTIVITIES

Cash outflows for investing activities were $1.05 billion for the year ended December 31, 2013, compared to cash outflows of $1.50 billion for the year ended December 31, 2012. Lower cash outflows used in investing activities was a result of lower capital expenditures as all construction projects were in the commissioning phase by the end of the year.

The following is a summary of capital expenditures including sustaining, expansionary and capitalized exploration and evaluation by mine, which represented the majority of the cash flows used in investing activities:

	For the three months ended December 31,	*For the years ended December 31,*	
(in thousands of United States Dollars)	2013	2013	2012
BRAZIL			
Chapada	$ 34,084	$ 101,152	$ 155,396
Jacobina	11,374	52,815	60,494
Fazenda Brasileiro	5,200	18,701	32,025
Ernesto/Pau-a-Pique (i)	18,835	87,459	123,488
C1 Santa Luz (i)	27,920	90,395	122,973
Pilar (i)	68,219	186,174	135,453
CHILE			
El Peñón	29,163	131,176	109,481
Minera Florida	21,065	84,670	142,951
Other	350	1,726	8,783
ARGENTINA			
Gualcamayo	34,018	149,699	136,369
Cerro Moro	13,258	49,099	386,105
Other	691	2,410	8,575
MEXICO			
Mercedes	12,245	51,058	52,076
CANADA & OTHER	12,254	40,992	63,825
Total capital expenditures	$ 288,676	$ 1,047,526	$ 1,537,994

(i) Net of movement in accounts payable.

CAPITAL RESOURCES

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

The Company is authorized to issue an unlimited number of common shares at no par value and a maximum of eight million first preference shares. There are no first preference shares issued or outstanding. As of February 14, 2014, the total number of shares outstanding were 753.4 million, the total number of stock options outstanding were 2.7 million, the total number of DSUs outstanding were 2.6 million and the total number of RSUs outstanding were 2.1 million.

In 2013, the Company paid annual dividends of $0.26 per share compared to 2012 of $0.25 per share per annum. Total dividend payments in 2013 were $196.3 million, representing a 14% increase over the dividends payments of $168.2 million in 2012.

The following table summarizes the weighted average common shares and dilutive equity instruments outstanding as at December 31, 2013:

(In thousands)	Equity instruments outstanding as at December 31, 2013	Dilutive equity instruments *(i)*, three months ended December 31, 2013	Dilutive equity instruments *(i)*, year ended December 31, 2013
Common shares	753,303	752,995	752,697
Options	2,728	-	-
RSUs	2,192	-	-
DSUs	2,634	-	-
		752,995	752,697

(i) Total options excluded from the computation of diluted earnings per share because the exercise prices exceeded the average market value of the common shares for the three- and twelve-month periods ended December 31, 2013 were 2.1 million and 0.9 million, respectively (three and twelve months ended December 31, 2012 – 1.1 million and 1.1 million, respectively).

CONTRACTUAL COMMITMENTS

Day-to-day mining, sustaining and expansionary capital expenditures as well as administrative operations give rise to contracts requiring agreed upon future minimum payments. Management is of the view that such commitments will be sufficiently funded by current working capital, future operating cash flows and available credit facilities which provide access to additional funds.

As at December 31, 2013, the Company is contractually committed to the following:

(In thousands of United States Dollars)	Within 1 year	Between 1 to 3 years	Between 3 to 5 years	After 5 years	Total
Mine operating/construction and service contracts and other	$ 583,989	$ 397,255	$ 142,121	$ 7,236	$ 1,130,601
Long-term debt principal repayments *(i)*	15,000	73,500	255,000	871,500	1,215,000
Decommissioning, Restoration and Similar Liabilities (undiscounted)	4,904	17,950	24,772	193,218	240,844
	$ 603,893	$ 488,705	$ 421,893	$ 1,071,954	$ 2,586,445

(i) Excludes interest expense.

10 Income Taxes

The Company recorded an income tax expense of $79.1 million for the year (2012 – $373.1 million). The decrease in the income tax expense for the year is a result of lower earnings for the year relative to the prior year. The income tax provision reflects a current income tax expense of $140.6 million (2012 – $265.5 million) and a deferred income tax recovery of $61.5 million (2012 – $107.6 million).

The Consolidated Balance Sheet reflects recoverable tax installments in the amount of $34.2 million and an income tax liability of $53.5 million. Additionally, the balance sheet reflects a deferred tax asset of $121.6 million and a deferred tax liability of $2.0 billion.

The income tax provision is subject to a number of factors including the allocation of income between different countries, different tax rates in the various jurisdictions, the non-recognition of tax assets, foreign currency exchange movements, changes in tax laws and the impact of specific transaction and assessments. Due to the number of factors that can potentially impact the effective tax rate, it is expected that the Company's effective tax rate will fluctuate in future periods. The effective tax rate on adjusted earnings for 2013 was 30.0% (2012 – 25.0%)

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

During the year the Brazilian Real, Argentinean Peso, Chilean Peso and Mexican Peso devalued against the US Dollar. As a result for local purposes, a charge of $68.6 million relating to unrealized foreign exchange was recorded in the deferred tax expense. The impact of these foreign exchange movements on taxes are non-cash and, as such, are excluded from adjusted earnings.

On September 23, 2013, Argentina's federal Income Tax Statute was amended to include a 10% income tax withholding on dividend distributions by Argentine corporations.

On December 26, 2013, the 2014 Tax Reform Bill was enacted by Presidential Decree in Mexico. Included in the bill was the cancellation of previously announced tax rate decreases thereby keeping the corporate income tax rate at 30%. The bill also introduced a new dividend withholding tax of 10%, subject to any treaty reductions. Also included in the bill was the introduction of a Special Mining Duty of 7.5% on taxable EBITDA and the introduction of an Extraordinary Mining Duty of 0.5% on gross revenues from the sale of gold, silver and platinum. Both of these new taxes are deductible for corporate income tax purposes. As a result of this change, a non-cash charge of $28.3 million to the deferred tax liabilities was recognized in the financial statements. This deferred tax liability will decrease in the future as the mine is depleted. This charge has been added back in the calculation of adjusted earnings.

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

The largest components of the deferred tax liabilities relate to:

(in thousands of United States Dollars)	
Gualcamayo	$ 230,748
Agua Rica	$ 396,096
El Peñón	$ 289,305
Exploration Potential	$ 405,740

See *Note 29* to the Consolidated Financial Statements for a breakdown of the foreign exchange and interest and penalties charged to the income tax expense and *Section 11 – Economic trends, risks and uncertainties – foreign operations and political risks* of this Management Discussion and Analysis of Operations and Financial Condition for additional information.

11 Economic Trends, Risks and Uncertainties

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

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

Below is a summary of the principal risks and related uncertainties facing the Company. Readers are also encouraged to read and consider the risk factors more particularly described in the Company's Annual Information Form for the period ended December 31, 2013. Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Metal Price Risk

The mining industry is highly dependent on commodity prices which are the result of the economic interplay of supply and demand. The profitability of the Company is directly related to the market prices of gold and copper and to a lesser extent, silver. Market price fluctuations of these commodities could adversely affect profitability of the Company's operations and might lead to impairment of mineral properties. The market prices for the aforementioned commodities fluctuate widely and these fluctuations are caused by numerous factors beyond the Company's control. For example, the market price of gold may change for a variety of reasons, including:

- the strength of the United States Dollar, in which the gold price trades internationally, relative to other currencies;
- financial market expectations regarding the rate of inflation;
- monetary policies announced, changed or implemented by central banks;
- changes in the demand for gold, including the demand from the gold exchange traded fund ("ETF"), as an investment or as a result of leasing arrangements;
- changes in the physical demand for gold used in jewelry;
- changes in the supply of gold from production, divestment, scrap and hedging;
- global or regional political or economic events, and
- speculative positions taken by investors or traders in gold.

Gold Price Three-Year Trend *(Bloomberg: USD per ounce of gold)*

For the quarter ended December 31, 2013, spot gold prices averaged $1,272 per ounce, or 26% lower, compared with $1,718 per ounce in the fourth quarter of 2012. The average spot price for the year ended December 31, 2013 was $1,411 per ounce, a decline of 15% versus the average spot price for 2012.

Gold prices generally trended lower over the course of the quarter primarily due to reduced investor demand as the US dollar strengthened, US Treasury yields increased and equity markets performed very well. While both exchange traded fund ("ETF") holdings and net futures exchange positioning declined during the quarter, the selling pressure was not as pronounced as earlier in the year. The US Dollar was aided by generally strong US economic data and the expectation that the United States Federal Reserve ("US Fed") would slow the pace of its quantitative easing ("QE") programs. This expectation was realized in December, when the US Fed announced that it would begin to slow the pace of QE. The anticipation of this announcement was a significant contributor to the lower year-over-year gold price.

The US Fed's QE programs have been supportive of gold prices, but with the reduction in QE and the expectation of further reductions, a benign inflation outlook and rising US Treasury yields, investors have been reallocating investments in gold to other investments. While it is expected that the US Fed will to continue to slow the pace of its QE programs, it will still be several quarters before an increase in the Fed Funds rate is considered and the US Fed continues to reiterate this. Global monetary policy continues to be generally easy and most governments are struggling with the fiscal situations they face and this should be supportive for gold over the longer term. Physical demand, particularly in China, continues to be robust on pullbacks and this has provided support to the market. While central bank purchases are estimated to have declined year-over-year, it is expected that they will remain net buyers in 2014. Physical and central bank demand should help offset any further investment related liquidation in 2014.

In spite of the positive signs with respect to the physical demand for gold, following the recent decline in gold prices, the Company has revised its production targets for future years to favour a lower cost structure. The Company is evaluating the producing mines whose all-in cost exceeds the Company's average cost structure. The objective is to pursue quality ounces with sustainable margins and maximize profitability and as such, in the short term the emphasis will be on reducing costs rather than maximizing production.

The Company has not hedged any of its gold sales.

Copper Price Three-Year Trend *(Bloomberg: USD per pound of copper)*

For the quarter ended December 31, 2013, spot copper prices averaged $3.25 per pound, representing a decrease of 9% compared with $3.59 per pound in 2012. The average spot price for the year ended December 31, 2013 was $3.32 per ounce, declined by 8% versus the average spot price for 2012.

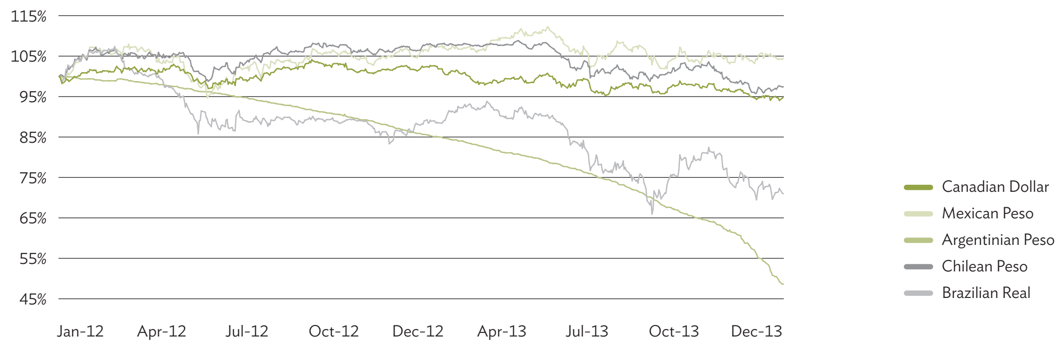
Over the past few years copper prices have been driven by tight supply/demand fundamentals and steady appetite from emerging markets, mainly China. However, concerns about the sustainability of current economic growth levels in China, reduced investor demand and, more recently, the prospect of new mine supply have negatively impacted copper prices and have been the primary drivers of the year-over-year decline in price. In the short-term, these factors would likely limit the potential upside for copper prices but longer-term concerns surrounding supply should result in a situation that is much more supportive of copper price.

The Company periodically uses forward contracts to economically hedge against the risk of declining copper prices for a portion of its forecast copper concentrate sales.

Currency Risk

Conducting exploration, development and production operations in Latin America exposes the Company to currency risk. The Company's revenues are denominated in United States Dollars (USD). However, the Company's operating expenses are incurred in United States Dollars, Brazilian Reais (BRL), Chilean Pesos (CLP), Argentine Pesos (ARG), Mexican Pesos (MXN) and to a lesser extent in Canadian Dollars (CAD). Accordingly, fluctuations in the exchange rates can significantly impact the results of operations.

The following summarizes the movement in key currencies vis-à-vis the United States Dollar:



Average and Period-end Market Exchange Rates

For the three months ended December 31,	2013	2012	Variance
Average Exchange Rate			
USD-CAD	1.0494	0.9883	6.2%
USD-BRL	2.2763	2.0566	10.7%
USD-ARG	6.0650	4.7688	27.2%
USD-CLP	516.65	476.40	8.4%
USD-MXN	13.019	12.932	0.7%

For the year ended December 31,	2013	2012	Variance
Average Exchange Rate			
USD-CAD	1.0299	1.0003	3.0%
USD-BRL	2.1585	1.9537	10.5%
USD-ARG	5.4777	4.5272	21.0%
USD-CLP	495.37	487.06	1.7%
USD-MXN	12.756	13.177	-3.2%

As at December 31,	2013	2012	Variance	2012	Variance
Period-end Exchange Rate					
USD-CAD	1.0623	0.9921	7.1%	1.0213	4.0%
USD-BRL	2.3621	2.0435	15.6%	1.8758	25.9%
USD-ARG	6.5197	4.9155	32.6%	4.3000	51.6%
USD-CLP	525.45	479.20	9.7%	519.55	1.1%
USD-MXN	13.037	12.853	1.4%	13.936	-6.5%

The Company entered into forward contracts to economically hedge against the risk of an increase in the value of the Brazilian Real versus the United States Dollar. Currency contracts totaling 1.0 billion Reais at an average rate of 2.17 Reais to the United States Dollar have been designated against forecast Reais denominated expenditures as a hedge against the variability of the United States Dollar amount of those expenditures caused by changes in the currency exchange rates for 2014 through to 2015.

The Company also entered into forward contracts to economically hedge against the risk of an increase in the value of the Mexican Pesos versus the United States Dollar. Currency contracts totaling 221.0 million Pesos at an average rate of 13.32 Pesos to the United States Dollar have been designated against forecast Pesos denominated expenditures as a hedge against the variability of the United States Dollar amount of those expenditures caused by changes in the currency exchange rates for 2014 through to 2015.

The currency hedge has been accounted for as a cash flow hedge with the effective portion taken to other comprehensive income and the ineffective portion taken to income. Although the currency hedging program has provided additional cash flow over the years in excess of $100 million, the value of the program can become negative in a short period of time due to the volatility of foreign currency relative to the Dollar.

The following table summarizes the details of the currency hedging program as at December 31, 2013:

(Quantities in thousands)

Brazilian Real			
Year of Settlement	Notional Amount	Weighted Average Contract Rate	Market rate as at December 31, 2013
2014	483,360	2.0677	2.3621
2015	519,048	2.2828	2.3621
	1,002,408	2.1738	2.3621

Mexican Peso			
Year of Settlement	Notional Amount	Weighted Average Contract Rate	Market rate as at December 31, 2013
2014	156,000	13.320	13.037
2015	65,000	13.320	13.037
	221,000	13.320	13.037

Interest Rate Risk

The Company is exposed to interest rate risk on its variable rate debt. Monetary policy by central banks in the countries in which the Company operates have maintained interest rates relatively low to avoid a relapse of the credit crisis and incentivize economic growth. At December 31, 2013, the majority of the Company's long-term debt was carried at fixed rates, hence there is limited market risk arising from fluctuations in floating interest rate.

Credit Risk

Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. For cash, cash equivalents and trade and other receivables, credit risk is represented by the carrying amount on the balance sheet. 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 limits credit risk by entering into business arrangements with high credit-quality counterparties, limiting the amount of exposure to each counterparty and monitoring the financial condition of counterparties.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Under the terms of our trading agreements, counterparties cannot require the Company to immediately settle outstanding derivatives except upon the occurrence of customary events of default. The Company mitigates liquidity risk through the implementation of its Capital Management Policy by spreading the maturity dates of derivatives over time, managing its capital expenditures and operation cash flows, and by maintaining adequate lines of credit.

Investment Risk

Investment risk is the risk that a financial instrument's value will deviate from the expected returns as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. Although the factors that affect investment risk are outside the Company's control, the Company mitigates investment risk by limiting its investment exposure in terms of total funds to be invested and by being selective of high quality investments.

Construction and Start-up of New Mines Risk

The success of construction projects and the start-up of new mines by the Company is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), the successful completion and operation of ore passes, the ADR plants and conveyors to move ore, among other operational elements. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Company is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start-up of new mines as planned. There can be no assurance that current or future construction and start-up plans implemented by the Company will be successful; that the Company will be able to obtain sufficient funds to finance construction and start-up activities; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Company will be able to obtain all necessary governmental approvals and permits; and that the completion of the construction, the start-up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Company. Any of the foregoing factors could adversely impact the operations and financial condition of the Company.

The Company's projects have no operating history upon which to base estimates of future cash flow. The capital expenditures and time required to develop new mines or other projects are considerable and changes in costs or construction schedules can affect project economics. Thus, it is possible that actual costs may change significantly and economic returns may differ materially from the Company's estimates.

Currently, the Company has three mines under construction in Brazil, namely, Ernesto/Pau-a-Pique, C1 Santa Luz and Pilar. While C1 Santa Luz and Pilar commenced commissioning in the second half of 2013, both of which remain within the normal progression expectation of the commissioning process, Ernesto/Pau-a-Pique has been commissioning since the fourth quarter of 2012. Commercial viability of a new mine or development project is predicated on many factors. There is no certainty that the realization of mineral reserves and mineral resources projected by the feasibility study and technical assessment performed on the project may be realized, the necessary permits can be obtained and future metal prices to ensure commercial viability will materialize. Consequently, there is a risk that start-up of new mine and development projects may be subject to write-down and/or closure as there is no certainties that they are commercially viable.

Foreign Operations and Political Risk

The Company holds mining and exploration properties in Brazil, Argentina, Chile and Mexico exposing it to the socioeconomic conditions as well as the laws governing the mining industry in those countries. Inherent risks with conducting foreign operations include, but are not limited to, high rates of inflation; military repression; war or civil war; social and labour unrest; organized crime and hostage taking which cannot be timely predicted and could have a material adverse effect on the Company's operations and profitability. The governments in those countries are currently generally supportive of the mining industry but changes in government laws and regulations including taxation, royalties, the repatriation of profits, restrictions on production, export controls, changes in taxation policies, environmental and ecological compliance, expropriation of property and shifts in the political stability of the country could adversely affect the Company's exploration, development and production initiatives in these countries.

In efforts to tighten capital flows and protect foreign exchange reserves, the Government of Argentina issued foreign exchange resolutions with respect to export revenues that resulted in a temporary suspension of export sales of concentrate at Alumbrera during the second quarter of 2012 as management evaluated how to comply with the new resolution. The Government of Argentina subsequently announced amendment to the foreign exchange resolution extending the time for exporters to repatriate net proceeds from export sales enabling Alumbrera to resume exports in July 2012. The Government of Argentina has also introduced certain protocols relating to the importation of goods and services and providing where possible for the substitution of Argentine produced goods and services. During 2012, Alumbrera was unable to obtain permission to repatriate dividends although certain accommodations have since been made to permit distribution of profits from Argentina. Discussion between the joint venture and the Argentine government on approval to remit dividends are ongoing. The Company continues to monitor developments and policies in all its jurisdictions and the impact thereof to its operations.

Brazil is in the process of reviewing the royalties on mining companies. The finalization of the royalty rates are subject to change during the review and approval process therefore the final rates are not determinable at this time. The magnitude of change in royalty rates might affect net earnings and cash flows from the Company's operations in Brazil.

In Mexico, a Tax Reform Bill was enacted on December 26, 2013 regarding the decree to reform and add certain provisions to the Mining and Fiscal Coordination Laws. The proposal submitted through this bill focuses on creating an obligation for mining concession holders whose mines are currently in production, which consists of a compensation payment equal to 7.5% of the amount by applying the regular and other deductions allowed by the Income Tax Law (LISR) to the taxable revenues generated by the mining company, while excluding interest, taxes and amortization. In addition, the bill also includes a new royalty of 0.5% on all sales. These amounts are deductible for income tax purposes which would bring the effective rate of the taxes to approximately 5.8%. The Company has determined this to be approximately 3.8% on a net smelter royalty ("NSR") basis. The bill also proposes to double the payment of duties by hectare by differentiating nonproductive mining concessions. The magnitude of new royalty rates might affect net earnings and cash flows from the Company's operations in Mexico.

On September 23, 2013, Argentina's federal Income Tax Statute was amended to include a 10% income tax withholding on dividend distributions by Argentine corporations.

Consistent with its risk management protocol, to mitigate land title risks, the Company makes no commitments and does not undertake exploration without first determining that necessary property rights are in good standing. However, despite the Company's best efforts, land title may still be affected by undetected defects.

Health, Safety and Environmental Risk

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death and or material damage to the environment and Company assets. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Company and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Company as an employer. Yamana has rigorous procedures in place to manage health and safety protocols in order to reduce the risk of occurrence and the severity of any accident and is continually investing time and resources to enhance health and safety at all operations.

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety, and other matters. Permits from various governmental authorities are necessary in order to engage in mining operations in all jurisdictions in which the Company operates. Such permits relate to many aspects of mining operations, including maintenance of air, water and soil quality standards. In most jurisdictions, the requisite permits cannot be obtained prior to completion of an environmental impact statement and, in some cases, public consultation. Further, the Company may be required to submit for government approval a reclamation plan, to post financial assurance for the reclamation costs of the mine site, and to pay for the reclamation of the mine site upon the completion of mining activities. The Company mitigates this risk by performing certain reclamation activities concurrent with production.

Environmental liability may result from mining activities conducted by others prior to the Company's ownership of a property. To the extent Yamana is subject to uninsured environmental liabilities, the payment of such liabilities would reduce funds otherwise available for business activities and could have a material adverse effect on the Company. Should the Company be unable to fully fund the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy, which may have a material adverse effect. The Company mitigates the likelihood and potential severity of these environmental risks it encounters in its day-to-day operations through the application of its high operating standards as dictated by the Yamana management system.

The Company has insurance policies in place to cover accidents and business interruption and regularly monitors the adequacy of such policies.

Energy Risk

The Company consumes energy in mining activities, primarily in the form of diesel fuel, electricity and natural gas. As many of the Company's mines are in remote locations and energy is generally a limited resource, the Company faces the risk that there may not be sufficient energy available to carry out mining activities efficiently or that certain sources of energy may not be available. The Company manages this risk by means of long-term electricity agreements with local power authorities and inventory control process on consumables including fuel. Many of the mines have on-site generator sets as back-up to mitigate the anticipated and unanticipated interruptions from the energy providers. Furthermore, the Company's operations are continually improved to reduce input costs and maximize output.

Nature and Climatic Condition Risk

The Company and the mining industry are facing continued geotechnical challenges, which could adversely impact the Company's production and profitability. No assurances can be given that unanticipated adverse geotechnical and hydrological conditions, such as landslides, droughts and pit wall failures, will not occur in the future or that such events will be detected in advance. Geotechnical instabilities and adverse climatic conditions can be difficult to predict and are often affected by risks and hazards outside of the Company's control, such as severe weather and considerable rainfall, which may lead to periodic floods, mudslides, wall instability and seismic activity, which may result in slippage of material.

Geotechnical failures could result in limited or restricted access to mine sites, suspension of operations, government investigations, increased monitoring costs, remediation costs, loss of ore and other impacts, which could cause one or more of the Company's projects to be less profitable than currently anticipated and could result in a material adverse effect on the Company's results of operations and financial position.

12 Contingencies

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the Condensed Consolidated Interim Financial Statements of the Company.

In 2004, a former director of Northern Orion commenced proceedings in Argentina against Northern Orion claiming damages in the amount of $177.0 million for alleged breaches of agreements entered into with the plaintiff. The plaintiff alleged that the agreements entitled him to a pre-emption right to participate in acquisitions by Northern Orion in Argentina and claimed damages in connection with the acquisition by Northern Orion of its 12.5% equity interest in the Alumbrera project. On August 22, 2008, the National Commercial Court No. 13 of the City of Buenos Aires issued a first-instance judgment rejecting the claim. The plaintiff appealed this judgment to the National Commercial Appeals Court. On May 22, 2013, the appellate court overturned the first-instance decision. The appellate court determined that the plaintiff was entitled to make 50% of Northern Orion's investment in the Alumbrera acquisition, although weighted the chance of the plaintiff's 50% participation at 15%. The matter was remanded to the first instance court to determine the value. On June 12, 2013, Northern Orion filed an extraordinary recourse with the appellate court in order to bring the matter before the Supreme Court for considering the National Commercial Appeals Court's decision to be arbitrary. The extraordinary recourse was denied by the appellate court and this decision was notified to Northern Orion on December 20, 2013. Based on this decision, Northern Orion filed an appeal directly with the Supreme Court of Argentina on February 3, 2014. Pending the decision of the Supreme Court, Northern Orion will make submissions to the first instance court to address value. The outcome of this case is uncertain and cannot be reasonably estimated.

The Company has received assessments from the Brazilian federal tax authorities disallowing certain deductions relating to debentures for the periods 2007-2010. The Company believes these debentures were issued on commercial terms permitted under applicable laws and is challenging these assessments. As such, the Company does not believe it is probable that any amounts will be paid with respect to these assessments with the Brazilian authorities and the amount and timing of any assessments cannot be reasonably estimated.

13 Critical Accounting Policies and Estimates

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The significant accounting policies applied and recent accounting pronouncements are described in *Note 3* and *Note 5* to the Company's annual consolidated financial statements for the year ended December 31, 2013.

In preparing the consolidated financial statements in accordance with the IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period end. Critical accounting estimates represent estimates that are uncertain and for which changes in those estimates could materially impact on the Company's consolidated financial statements. Actual future outcomes could 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, 2013 were similar to those disclosed in *Note 4* to the Company's annual consolidated financial statements for the year ended December 31, 2012. Additional information has been provided in *Note 4* to the Company's annual consolidated financial statements for the year ended December 31, 2013.

Impairment of mineral properties and goodwill

The Company assesses at the end of each reporting period whether there is any indication, from external and internal sources of information, that an asset or cash generating unit ("CGU") and goodwill may be impaired. While assessing whether any indications of impairment exist for mineral properties and goodwill, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mineral properties and goodwill. Internal sources of information include the manner in which property and plant and equipment are being used or are expected to be used and indications of economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties and/or goodwill. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. When there is an indication of impairment on a CGU containing goodwill, the impairment loss is recognized on goodwill first and then any remaining impairment loss is applied to the mineral property. In testing impairment, including goodwill, the following are the key applicable assumptions: discount rate of 4.6% (2012 – 5.9%) as determined by the real weighted average cost of capital and long-term gold price of $1,300 per ounce (2012 – $1,375 per ounce) and copper price of $3.00 per pound (2012 – $3.00 per pound).

During the second quarter, the Company updated its after-tax life of mine cash flow projections with updated economic assumptions as a result of the decline in metal prices towards the latter half of the second quarter of 2013. Based on its assessment during the second quarter, the Company concluded that there were no impairment charges in respect to its mineral properties as at June 30, 2013 as a result of the decline in metal prices at that time. Adverse changes in metal price assumptions were partially offset by other inputs that resulted in lower costs and updated mine plans. The impairment assessment in the second quarter was calculated assuming long-term prices of $1,375 per ounce of gold and $3.00 per pound of copper. In early October of 2013, after the spot price for gold returned to the $1,350 per ounce level, it started a continuous decline during the fourth quarter and dipped below $1,200 per ounce by late December.

During the fourth quarter, the Company performed its impairment test updating its life of mine after-tax cash flow projects for updated reasonable estimates of future metal prices, production based on current estimates of recoverable mineral reserves and mineral resources, recent operating and exploration results, exploration potential, future operating costs, capital expenditures, inflation and long-term foreign exchange rates.

The value-in-use in the impairment assessments in the fourth quarter were calculated assuming long-term prices of $1,300 per ounce of gold and $3.00 per pound of copper. The Company examined future cash flows, the intrinsic value of value beyond proven and probable mineral reserves, value of land holdings, as well as other factors, which are determinants of commercial viability of each and every mining property in its portfolio, and concluded that a total of $672.0 million ($563.9 million, net of taxes) (2012 – $*nil*) of impairment charges on the following mineral properties, goodwill and investment in associate should be recognized in the fourth quarter:

- Various exploration properties, Argentina and Chile – A total impairment charge $181.1 million in respect to exploration properties in Argentina and $80.9 million in respect to Amancaya in Chile for a total of $262.0 million ($182.7 million, net of taxes) as a result of the continuous downward trend in metal prices resulting in lower in situ market and income values for exploration potential and below-expectation exploration results.
- Ernesto/Pau-a-Pique, Brazil – Impairment charge of $175.0 million ($168.2 million, net of taxes) against the carrying value was recognized due to the continuous downward trend in metal prices and commissioning delays resulting in higher capital expenditures.
- Jeronimo, Chile – Impairment charge of $110.0 million ($88.0 million, net of taxes) against the carrying value of the project was recognized on the decision of not proceeding with construction at this time; future construction decision is subject to finding additional project enhancements.
- Alumbrera, Argentina – Impairment charge of $70.0 million (before and net of taxes) is recognized against the carrying value of the Company's 12.5% equity interest in the Alumbrera mine due to the continuous downward trend in metal prices. Additionally, Alumbrera is near the end of its mine life requiring greater waste removal to access mineable ore resulting in higher future operating costs.
- Jacobina, Brazil – Impairment of Goodwill of $55.0 million (before and net of taxes) (Refer to *Note 14* to the Consolidated Financial Statements) as a result of the continuous downward trend in metal prices, the mine's recent operating and exploration results and exploration potential.

In addition to the impairment charges mentioned above, an additional $10.3 million (before and net of taxes) related to minor exploration properties was recognized during the year on the decision of not proceeding with further exploration and/or disposition in the prior quarters of 2013, bringing the impairment charges against mineral properties for the year to a total of $682.3 million ($574.2 million, net of taxes).

The Company expects there is further or additional value in these properties over and above what they are being written down to but not at the metal price assumption used in the impairment testing. The valuation of impairment is based on current forecasts for long-term metal prices which have been influenced by the recent decline in spot prices over the last nine months of 2013. These metal price assumptions are then held constant over mine lives which in some cases are in excess of fifteen years. The Company believes that it is prudent to update its metal price assumption used in its impairment testing to reflect current forecasts and it does not rely on higher prices to drive its business plans, however, the Company remains positive on the long-term price fundamentals for its metals. The Company will continue to monitor the valuation of its assets and the impact of changes in economic assumptions and mine plans on these valuations. Higher prices in the future could result in greater volatility in earnings, as the Company reassesses the fair value of its mineral properties and could potentially reverse a portion or all of the impairment charges taken.

Estimated Recoverable Ounces

The carrying amounts of the Company's mining properties are depleted based on recoverable ounces contained in mineral proven and probable reserves plus a portion in 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 in future depletion rates.

14 Non-GAAP Measures

The Company has included certain non-GAAP measures including *"Co-product cash costs per gold equivalent ounce", "Co-product cash costs per pound of copper", "By-product cash costs per gold equivalent ounce", "Adjusted Earnings or Loss and Adjusted Earnings or Loss per share"* to supplement its condensed consolidated interim financial statements, which are presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The term IFRS and generally accepted accounting principles ("GAAP") are used interchangeably throughout this MD&A.

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 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.

CASH COSTS

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

The Company's business model is focused on the production and sale of precious metals – gold and silver, which accounts for a significant portion of the Company's total revenue generated. The emphasis on precious metals therefore entails the necessity to provide investors with cash costs information that is relevant to their evaluation of the Company's ability to generate earnings and cash flows for use in investing and other activities. Cash costs are computed on a **co-product, by-product, all-in sustaining co-product and all-in sustaining by-product** basis. Cash costs include mine site operating costs such as mining, processing, administration, royalties and production taxes, but are exclusive of amortization, reclamation, capital, development and exploration costs.

In excess of 75% of the Company's revenues are generated from sales of precious metals, therefore, cash costs are also calculated on a by-product basis in order to provide investors with a measure that focuses on the Company's core business in mining and producing precious metals. Cash costs per gold equivalent ounce on a by-product basis is calculated by applying copper and zinc net revenue as a credit to the cost of gold production and as such the by-product gold equivalent ounce cash costs are impacted by realized copper and zinc prices. These costs are then divided by gold equivalent ounces produced. Gold equivalent ounces are determined 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.

Effective 2013, the Company is adopting an all-in sustaining cash costs measure, which seeks to represent total sustaining expenditures of producing gold equivalent ounces from current operations, based on by-product and co-product cash costs, including cost components of mine sustaining capital expenditures, corporate general and administrative expense excluding stock-based compensation, and exploration and evaluation expense. All-in sustaining by-product cash costs reflects by-product copper revenue credits and 100% of the aforementioned cost components. All-in sustaining co-product cash costs reflects allocations of the aforementioned cost components on the basis that is consistent with the nature of each of the cost component to the gold or copper production activities.

As such, it does not include capital expenditures attributable to projects or mine expansions, exploration and evaluation costs attributable to growth projects, income tax payments, financing costs and dividend payments. Consequently, this measure is not representative of all of the Company's cash expenditures. In addition, our calculation of all-in sustaining cash costs does not include depletion, depreciation and amortization expense as it does not reflect the impact of expenditures incurred in prior periods.

This performance measure has no standard meaning and is intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP.

Cash costs per gold equivalent ounce and per pound of copper are calculated on a weighted average basis.

The measure of cash costs, along with revenue from sales, is considered to be a key indicator of a company's ability to generate operating earnings and cash flow from its mining operations. This data is furnished to provide additional information and is a non-GAAP measure. It should not be considered in isolation as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of operating costs, operating profit or cash flows presented under IFRS.

Per Gold Equivalent Ounce ("GEO")

Silver production is treated as a gold equivalent. GEO calculations are based on an average historical silver to gold price ratio (50:1) which is used and presented for comparative purposes only.

The following tables provide a reconciliation of cost of sales per the condensed consolidated interim financial statements to (i) By-product cash costs per GEO, (ii) Co-product cash costs per GEO, (iii) Co-product cash costs per pound of copper, (iv) All-in sustaining by-product cash costs per GEO, and (v) All-in sustaining co-product cash costs per GEO.

(i) Reconciliation of Cost of Sales per the consolidated financial statements to by-product cash costs per GEO:

GEO	*In thousands of United States Dollars*		*United States Dollars per gold equivalent ounce*	
For the three months ended December 31,	2013	2012	2013	2012
Cost of sales *(i)*	$ 239,030	$ 207,228	$ 898	$ 666
Adjustments:				
Chapada treatment and refining costs related to gold and copper	8,717	8,913	33	29
Inventory movements and adjustments	(8,707)	10,375	(33)	33
Commercial, overseas freight and other costs	(7,868)	(8,305)	(30)	(27)
By-product credits from Chapada copper revenue including copper pricing adjustment	(112,521)	(132,877)	(423)	(426)
Total GEO by-product cash costs (excluding Alumbrera)	$ 118,651	$ 85,334	$ 445	$ 275
Minera Alumbrera (12.5% interest) by-product cash costs	(2,951)	(21,666)	(261)	(2,012)
Total GEO by-product cash costs *(i)*	$ 115,700	$ 63,668	$ 417	$ 198
Commercial GEO produced excluding Alumbrera	266,128	310,947		
Commercial GEO produced including Alumbrera	277,446	321,716		

GEO	*In thousands of United States Dollars*		*United States Dollars per gold equivalent ounce*	
For the twelve months ended December 31,	2013	2012	2013	2012
Cost of sales *(i)(ii)*	$ 900,789	$ 831,754	$ 817	$ 728
Adjustments:				
Chapada treatment and refining costs related to gold and copper	33,880	30,111	31	26
Inventory movements and adjustments	(23,221)	(13,976)	(21)	(12)
Commercial, overseas freight and other costs	(30,611)	(28,856)	(28)	(25)
By-product credits from Chapada copper revenue including copper pricing adjustment	(402,824)	(491,638)	(365)	(430)
Total GEO by-product cash costs (excluding Alumbrera)	$ 478,013	$ 327,395	$ 434	$ 287
Minera Alumbrera (12.5% interest) by-product cash costs	(9,857)	(53,815)	(252)	(1,168)
Total GEO by-product cash costs *(ii)*	$ 468,156	$ 273,580	$ 410	$ 230
Commercial GEO produced excluding Alumbrera	1,102,460	1,142,838		
Commercial GEO produced including Alumbrera	1,141,617	1,188,915		

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

(ii) Depletion, depreciation and amortization are excluded from both total cash costs and cost of sales.

(ii) Reconciliation of cost of sales per the consolidated financial statements to co-product cash costs per GEO:

GEO	*In thousands of United States Dollars*		*United States Dollars per gold equivalent ounce*	
For the three months ended December 31,	2013	2012	2013	2012
Cost of sales *(i)(iii)*	$ 239,030	$ 207,228	$ 898	$ 666
Adjustments:				
Copper contained in concentrate related cash costs *(excluding related TCRC's) (ii)*	(47,713)	(48,222)	(179)	(154)
Treatment and refining costs ("TCRC") related to Chapada gold	1,281	1,279	5	4
Inventory movements and adjustments	(8,707)	10,375	(33)	33
Commercial, overseas freight and other costs	(7,868)	(8,305)	(30)	(27)
Total GEO co-product cash costs (excluding Alumbrera)	$ 176,023	$ 162,355	$ 661	$ 522
Minera Alumbrera (12.5% interest) GEO cash costs	3,547	3,695	313	343
Total GEO co-product cash costs *(iii)*	$ 179,570	$ 166,050	$ 647	$ 516
Commercial GEO produced excluding Alumbrera	266,128	310,947		
Commercial GEO produced including Alumbrera	277,446	321,716		

GEO	*In thousands of United States Dollars*		*United States Dollars per gold equivalent ounce*	
For the twelve months ended December 31,	2013	2012	2013	2012
Cost of sales *(i)(iii)*	$ 900,789	$ 831,754	$ 817	$ 728
Adjustments:				
Copper contained in concentrate related cash costs *(excluding related TCRC's) (ii)*	(186,143)	(184,362)	(168)	(161)
TCRC related to Chapada gold	4,817	4,650	4	4
Inventory movements and adjustments	(23,221)	(13,976)	(21)	(12)
Commercial, overseas freight and other costs	(30,611)	(28,856)	(28)	(25)
Total GEO co-product cash costs (excluding Alumbrera)	$ 665,631	$ 609,210	$ 604	$ 534
Minera Alumbrera (12.5% interest) GEO cash costs	14,257	14,178	364	308
Total GEO co-product cash costs *(iii)*	$ 679,888	$ 623,388	$ 596	$ 524
Commercial GEO produced excluding Alumbrera	1,102,460	1,142,839		
Commercial GEO produced including Alumbrera	1,141,617	1,188,917		

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

(ii) Costs directly attributed to a specific metal are allocated to that metal. Costs not directly attributed to a specific metal are allocated based on relative value. As a rule of thumb, the relative value has been 80/75% copper and 20/25% gold. TCRC's are defined as treatment and refining charges.

(iii) Depletion, depreciation and amortization are excluded from both total cash costs and cost of sales.

(iii) Reconciliation of cost of sales per the consolidated financial statements to co-product cash costs per pound of copper:

Copper	In thousands of United States Dollars		United States Dollars per pound of copper	
For the three months ended December 31,	2013	2012	2013	2012
Cost of sales *(i)(iii)*	$ 239,030	$ 207,228	$ 6.65	$ 5.12
Adjustments:				
GEO related cash costs *(excluding related TCRC's) (ii)*	(174,741)	(161,076)	(4.87)	(3.99)
TCRC related to Chapada copper	7,435	7,634	0.21	0.19
Inventory movements and adjustments	(8,707)	10,375	(0.24)	0.27
Commercial, overseas freight and other costs	(7,868)	(8,305)	(0.22)	(0.21)
Total copper co-product cash costs (excluding Alumbrera)	$ 55,149	$ 55,856	$ 1.53	$ 1.38
Minera Alumbrera (12.5% interest) copper cash costs	16,777	18,220	1.75	2.15
Total copper co-product cash costs *(iii)*	$ 71,926	$ 74,076	$ 1.58	$ 1.51
Commercial copper produced excluding Alumbrera (millions of lbs)	36.0	40.5		
Commercial copper produced including Alumbrera (millions of lbs)	45.6	48.9		

Copper	In thousands of United States Dollars		United States Dollars per pound of copper	
For the twelve months ended December 31,	2013	2012	2013	2012
Cost of sales *(i)(iii)*	$ 900,789	$ 831,754	$ 6.92	$ 5.52
Adjustments:				
GEO related cash costs *(excluding related TCRC's) (ii)*	(660,997)	(604,560)	(5.07)	(4.01)
TCRC related to Chapada copper	28,510	25,461	0.22	0.17
Inventory movements and adjustments	(23,221)	(13,976)	(0.18)	(0.09)
Commercial, overseas freight and other costs	(30,611)	(28,856)	(0.24)	(0.19)
Total copper co-product cash costs (excluding Alumbrera)	$ 214,470	$ 209,823	$ 1.65	$ 1.40
Minera Alumbrera (12.5% interest) copper cash costs	66,625	67,837	2.21	1.81
Total copper co-product cash costs *(iii)*	$ 281,095	$ 277,660	$ 1.75	$ 1.48
Commercial copper produced excluding Alumbrera (millions of lbs)	130.2	150.6		
Commercial copper produced including Alumbrera (millions of lbs)	160.5	188.0		

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

(ii) Costs directly attributed to a specific metal are allocated to that metal. Costs not directly attributed to a specific metal are allocated based on relative value. As a rule of thumb, the relative value has been 80/75% copper and 20/25% gold. TCRC's are defined as treatment and refining charges.

(iii) Depletion, depreciation and amortization are excluded from both total cash costs and cost of sales.

(iv) All-in sustaining cash costs per GEO on a by-product basis:

GEO	In thousands of United States Dollars		United States Dollars per GEO	
For the periods ended December 31, 2013	Three months	Twelve months	Three months	Twelve months
Total GEO by-product cash costs *(i)*	$ 115,700	$ 468,156	$ 417	$ 410
General and administrative, excluding share-based compensation *(ii)*	22,657	110,283	82	97
Sustaining capital expenditures *(ii)*	63,010	321,483	226	281
Exploration and evaluation expense *(ii)*	7,910	29,713	29	26
Total all-in sustaining by-product cash costs per GEO	$ 209,277	$ 929,635	$ 754	$ 814
Commercial GEO produced including Alumbrera	277,446	1,141,617		

(i) Chapada copper revenue credits reflected in GEO by-product cash costs.

(ii) 100% of the cost component is included.

(v) All-in sustaining cash costs per GEO on a co-product basis:

GEO	In thousands of United States Dollars		United States Dollars per GEO	
For the periods ended December 31, 2013	Three months	Twelve months	Three months	Twelve months
Total GEO co-product cash costs	$ 179,570	$ 679,888	$ 647	$ 596
General and administrative, excluding share-based compensation *(i)*	18,175	88,092	66	77
Sustaining capital expenditures *(ii)*	54,731	285,348	197	250
Exploration and evaluation expense *(i)*	7,019	27,286	25	24
Total all-in sustaining co-product cash costs per GEO	$ 259,495	$ 1,080,614	$ 935	$ 947
Commercial GEO produced including Alumbrera	277,446	1,141,617		

(i) Chapada's general and administrative ("G&A") expense and exploration expense are allocated 20% to gold and 80% to copper, reflecting costs incurred on the related activities at Chapada. G&A and exploration expenses of all other operations are allocated 80% to gold and 20% to copper based on the relative proportions of consolidated revenues from gold and copper sales.

(ii) Chapada's sustaining capital expenditures are allocated 20% to gold and 80% to copper, reflecting costs incurred on the related activities at Chapada. Sustaining capital expenditures of all other operations are allocated 100% to gold.

ADJUSTED EARNINGS OR LOSS AND ADJUSTED EARNINGS OR LOSS PER SHARE

The Company uses the financial measures "Adjusted Earnings or Loss" and "Adjusted Earnings or Loss per share" 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 presentation of adjusted measures are not meant to be a substitute for net earnings or loss or net earnings or loss per share presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. Adjusted Earnings or Loss and Adjusted Earnings or Loss per share are calculated as net earnings excluding (a) share-based payments and other compensation, (b) unrealized foreign exchange (gains) losses related to revaluation of deferred income tax asset and liability on non-monetary items, (c) unrealized foreign exchange (gains) losses related to other items, (d) unrealized (gains) losses on commodity derivatives, (e) impairment losses and reversals, (f) deferred income tax expense (recovery) on the translation of foreign currency inter-corporate debt, (g) mark-to-market (gains) losses on share-purchase warrants, (h) write-down of investments and other assets and any other non-recurring adjustments. Non-recurring adjustments from unusual events or circumstances are reviewed from time to time based on materiality and the nature of the event or circumstance. Earnings adjustments for the comparative period reflect both continuing and discontinued operations.

The terms "Adjusted Earnings (Loss)" and "Adjusted Earnings (Loss) per share" do not have a standardized meaning prescribed by IFRS, and therefore the Company's definitions are unlikely to be comparable to similar measures presented by other companies. Management believes that the presentation of Adjusted Earnings or Loss and Adjusted Earnings or Loss per share provide useful information to investors because they exclude non-cash and other charges and are a better indication of the Company's profitability from operations. The items excluded from the computation of Adjusted Earnings or Loss and Adjusted Earnings or Loss per share, which are otherwise included in the determination of net earnings or loss and net earnings or loss per share prepared in accordance with IFRS, are items that the Company does not consider to be meaningful in evaluating the Company's past financial performance or the future prospects and may hinder a comparison of its period-to-period profitability. Reconciliation of Adjusted Earnings to net earnings is provided in *Section 5.1, Overview of Financial Results* for the three and twelve months ended December 31, 2013.

ADDITIONAL MEASURES

The Company uses other financial measures the presentation of which is not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. The following other financial measures are used:

- *Gross margin* – represents the amount of revenues in excess of cost of sales excluding depletion, depreciation and amortization.
- *Mine operating earnings* – represents the amount of revenues in excess of cost of sales excluding depletion, depreciation and amortization and depletion, depreciation and amortization.
- *Operating earnings* – represents the amount of earnings before net finance income/expense and income tax expense.
- *Cash flows from operating activities before changes in non-cash working capital* – excludes the non-cash movement from period-to-period in working capital items including trade and other receivables, other assets, inventories, trade and other payables.

The terms described above do not have a standardized meaning prescribed by IFRS, and therefore the Company's definitions are unlikely to be comparable to similar measures presented by other companies. The Company's management believes that their presentation provides useful information to investors because gross margin excludes the non-cash operating cost item (i.e. depreciation, depletion and amortization), cash flows from operating activities before changes in non-cash working capital excludes the non-cash movement in working capital items, mine operating earnings excludes expenses not directly associate with commercial production and operating earnings excludes finance and tax related expenses and income/recoveries. These, in management's view, provide useful information of the Company's cash flows from operating activities and are considered to be meaningful in evaluating the Company's past financial performance or the future prospects.

15 Selected Quarterly Financial and Operating Summary

(In thousands of United States Dollars, unless otherwise noted)	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Financial results				
Revenues *(i)*	$ 420,663	$ 456,675	$ 430,471	$ 534,873
Mine operating earnings	$ 70,113	$ 144,010	$ 118,646	$ 208,009
Net (loss)/earnings attributed to Yamana equity holders	$ (583,936)	$ 43,450	$ (7,898)	$ 102,096
Adjusted earnings *(ii)*	$ 36,719	$ 69,530	$ 50,181	$ 116,980
Cash flows from operating activities	$ 184,845	$ 99,078	$ 195,418	$ 173,801
Cash flows from operating activities before changes in non-cash working capital *(ii)*	$ 165,315	$ 177,416	$ 150,918	$ 214,219
Cash flows to investing activities	$ (259,992)	$ (217,601)	$ (300,368)	$ (275,452)
Cash flows from (to) financing activities	$ 66,711	$ (27,308)	$ 150,089	$ 94,350
Per share financial results				
Earnings per share attributable to Yamana equity holders				
Basic and diluted	$ (0.78)	$ 0.06	$ (0.01)	$ 0.14
Adjusted earnings per share (ii)				
Basic and diluted	$ 0.05	$ 0.09	$ 0.07	$ 0.16
Financial position				
Cash and cash equivalents	$ 220,018	$ 232,125	$ 379,817	$ 342,596
Total assets	$11,410,717	$12,026,181	$11,960,854	$11,806,864
Total long-term liabilities	$ 3,615,242	$ 3,589,579	$ 3,593,059	$ 3,269,266
Production				
Commercial GEO produced *(iii)*	277,447	289,176	287,791	287,203
Commissioning GEO produced *(iii)(iv)*	26,321	17,758	7,754	4,109
Total GEO produced *(iii)*	303,768	306,934	295,545	291,312
By-product cash costs per GEO produced, including 12.5% equity interest in Alumbrera *(ii)(iii)*	$ 417	$ 365	$ 476	$ 383
Co-product cash costs per GEO produced, including 12.5% equity interest in Alumbrera *(ii)(iii)*	$ 647	$ 574	$ 577	$ 587
All-in by-product cash costs per GEO produced, including 12.5% equity interest in Alumbrera *(ii)(iii)*	$ 754	$ 730	$ 916	$ 855
All-in co-product cash costs per GEO produced, including 12.5% equity interest in Alumbrera *(ii)(iii)*	$ 935	$ 888	$ 950	1,014
Chapada concentrate production (tonnes)	67,395	67,315	55,511	49,591
Chapada copper contained in concentrate production (millions of pounds)	36.0	36.8	30.1	27.4
Chapada co-product cash costs per pound of copper	$ 1.53	$ 1.48	$ 1.76	$ 1.90
Alumbrera (12.5% interest) attributable concentrate production (tonnes)	17,547	13,179	13,129	11,260
Alumbrera (12.5% interest) attributable copper contained in concentrate production (millions of pounds)	9.6	7.1	7.2	6.3
Alumbrera co-product cash costs per pound of copper *(ii)*	1.75	2.45	2.40	2.40
Gold Equivalent Ounces Breakdown				
Total gold ounces produced	260,187	263,830	257,608	248,239
Total silver ounces produced (millions of ounces)	2.2	2.2	1.9	2.2
Sales				
Total GEO sales *(iii)*	305,376	297,225	278,909	292,039
Total gold sales (ounces)	263,031	254,062	242,416	248,766
Total silver sales (millions of ounces)	2.1	2.2	1.8	2.2
Total gold sales, excluding Alumbrera (ounces)	254,740	243,385	234,370	241,259
Chapada concentrate sales (tonnes)	67,616	68,512	50,728	55,826
Chapada payable copper contained in concentrate sales (millions of pounds)	34.5	35.7	26.7	29.1
Average realized gold price per ounce *(i)*	$ 1,277	$ 1,332	$ 1,385	$ 1,620
Average realized copper price per pound *(i)*	$ 3.37	$ 3.13	$ 3.05	$ 3.58
Average realized silver price per ounce *(i)*	$ 20.63	$ 21.45	$ 22.55	$ 29.81

(in thousands of United States Dollars)	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Financial results				
Revenues *(i)*	$ 629,505	$ 611,807	$ 535,705	$ 559,745
Mine operating earnings	$ 322,082	$ 279,158	$ 239,896	$ 280,134
Net earnings attributed to Yamana equity holders	$ 169,161	$ 59,965	$ 42,913	$ 170,025
Adjusted earnings *(ii)*	$ 197,368	$ 177,588	$ 134,887	$ 184,306
Cash flows from operating activities	$ 367,881	$ 363,059	$ 139,213	$ 287,902
Cash flows from operating activities before changes in non-cash working capital *(ii)*	$ 298,064	$ 285,696	$ 240,767	$ 220,417
Cash flows to investing activities	$ (375,544)	$ (619,134)	$ (247,177)	$ (256,173)
Cash flows (to) from financing activities	$ (44,467)	$ (42,678)	$ (48,636)	$ 282,181
Per share financial results				
Earnings per share attributable to Yamana equity holders				
Basic	$ 0.23	$ 0.08	$ 0.06	$ 0.23
Diluted	$ 0.22	$ 0.08	$ 0.06	$ 0.02
Adjusted earnings per share (ii)				
Basic and diluted	$ 0.26	$ 0.24	$ 0.18	$ 0.25
Financial position				
Cash and cash equivalents	$ 349,594	$ 400,419	$ 698,884	$ 867,577
Total assets	$11,800,163	$11,495,917	$11,190,392	$11,238,213
Total long-term liabilities	$ 3,269,266	$ 3,248,086	$ 3,150,730	$ 3,117,393
Production				
Commercial GEO produced *(iii)*	321,716	308,629	288,700	269,873
Commissioning GEO produced *(iii)(iv)*	1,274	1,861	-	8,959
Total GEO produced *(iii)*	322,990	310,490	288,700	278,832
By-product cash costs per GEO produced, including 12.5% equity interest in Alumbrera *(ii)(iii)*	n/a	n/a	n/a	n/a
Co-product cash costs per GEO produced, including 12.5% equity interest in Alumbrera *(ii)(iii)*	n/a	n/a	n/a	n/a
All-in by-product cash costs per GEO produced, including 12.5% equity interest in Alumbrera *(ii)(iii)*	754	730	916	1
All-in co-product cash costs per GEO produced, including 12.5% equity interest in Alumbrera *(ii)(iii)*	935	888	950	1
Chapada concentrate production (tonnes)	72,518	70,151	71,801	53,665
Chapada copper contained in concentrate production (millions of pounds)	40.5	39.4	40.4	30.3
Chapada co-product cash costs per pound of copper	$ 1.38	$ 1.38	$ 1.34	$ 1.51
Alumbrera (12.5% interest) attributable concentrate production (tonnes)	14,669	17,830	18,492	14,149
Alumbrera (12.5% interest) attributable copper contained in concentrate production (millions of pounds)	8.5	10.4	10.5	8.0
Alumbrera co-product cash costs per pound of copper *(ii)*	2.15	1.92	1.41	1.85
Gold Equivalent Ounces Breakdown				
Total gold ounces produced	276,373	266,374	242,692	234,532
Total silver ounces produced (millions of ounces)	2.3	2.2	2.3	2.2
Sales				
Total GEO sales *(iii)*	317,615	315,972	271,683	281,721
Total gold sales (ounces)	272,524	271,380	226,521	236,990
Total Silver sales (millions of ounces)	2.3	2.2	2.3	2.2
Total gold sales, excluding Alumbrera (ounces)	258,978	252,814	223,279	228,763
Chapada concentrate sales (tonnes)	69,589	69,694	71,656	52,765
Chapada payable copper contained in concentrate sales (millions of pounds)	37.3	37.1	37.4	27.3
Average realized gold price per ounce *(i)*	$ 1,692	$ 1,680	$ 1,605	$ 1,696
Average realized copper price per pound *(i)*	$ 3.54	$ 3.54	$ 3.60	$ 3.73
Average realized silver price per ounce *(i)*	$ 31.37	$ 30.76	$ 26.93	$ 32.94

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

(ii) A cautionary note regarding non-GAAP measures is included in *Section 14* of this Management's Discussion and Analysis of Operations and Financial Condition.

(iii) GEO assumes gold plus the gold equivalent of silver using a ratio of 50:1.

(iv) Including commissioning GEO from Mercedes (Q4 2011 to Q1 2012), Minera Florida's tailings retreatment project (Q3 2012 to Q4, 2012), Ernesto/Pau-a-Pique (since Q4 2012), C1 Santa Luz (since Q2 2013) and Pilar (since Q3 2013).

16 Disclosure Controls and Procedures

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

As at the end of the period covered by this Management's Discussion and Analysis, management of the Company, with the participation of the Chairman and Chief Executive Officer and the Executive 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). The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the Chairman and Chief Executive Officer and the Executive Vice President, Finance and Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings and other reports filed or submitted under applicable securities laws, is recorded, processed, summarized and reported within time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chairman and Chief Executive Officer and the Executive 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 United States Securities and Exchange Commission and the Canadian Securities Administrators. 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 because changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

CHANGES IN INTERNAL CONTROLS

During the year ended December 31, 2013, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the Chairman and Chief Executive Officer and the Executive 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, 2013 and December 31, 2012 and results of operations for the periods ended December 31, 2013 and December 31, 2012.

This Management's Discussion and Analysis has been prepared as of February 18, 2014. The condensed consolidated interim 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, 2013 (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 annual audited consolidated financial statements for the year ended December 31, 2013 and the most recent Annual Information Form for the year ended December 31, 2013 on file with the Securities Commissions of all of the provinces in Canada, which are included in the 2013 Annual Report on Form 40-F on file 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 and such notes are incorporated by reference herein. All Dollar amounts in the Management's Discussion and Analysis are in United States Dollars, unless otherwise specified.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis contains or incorporates by reference "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" under applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking statements, including any information as to the Company's strategy, plans or future financial or operating performance. 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 expected 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, the impact of the proposed new mining law in Brazil, and the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating metal prices (such as gold, copper, silver and zinc), currency exchange rates (such as the Brazilian Real, the Chilean Peso, the Argentine Peso and the Mexican 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 non-core mine disposition, 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 related to joint venture operations, the possibility of project cost overruns or 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 time lines, government regulation and the risk of government expropriation or nationalization of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation and labour disputes, 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 NOTE REGARDING MINERAL RESERVES AND MINERAL RESOURCES

Readers should refer to the Annual Information Form of the Company for the year ended December 31, 2013 and other continuous disclosure documents filed by the Company since January 1, 2014 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 NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MINERAL RESERVES AND MINERAL RESOURCES

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

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

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

****

Notes to Consolidated Financial Statements:

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Yamana Gold Inc. 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 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 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.

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 financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the 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 Accountants, in accordance with Canadian generally accepted auditing standards and standards of the Public Company Accounting Oversight Board (United States) on behalf of the shareholders. Deloitte LLP have full and free access to the Audit Committee.

"Peter Marrone"

PETER MARRONE
Chairman and
Chief Executive Officer

"Charles B. Main"

CHARLES B. MAIN
Executive Vice President, Finance and
Chief Financial Officer

February 18, 2014

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated financial statements of Yamana Gold Inc. and subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, and the consolidated statement of operations, comprehensive income, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Yamana Gold Inc. and subsidiaries as at December 31, 2013 and December 31, 2012, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control-Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte LLP

Chartered Accountants
February 18, 2014
Vancouver, Canada

Report of Independent Registered Public Accounting Firm

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

We have audited the internal control over financial reporting of Yamana Gold Inc. and subsidiaries (the "Company") as of December 31, 2013, based on the criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated February 18, 2014 expressed an unqualified opinion on those financial statements.

/s/ Deloitte LLP

Chartered Accountants
February 18, 2014
Vancouver, Canada

Consolidated Statements of Operations

For The Years Ended December 31, (In thousands of United States Dollars except for shares and per share amounts)	2013	2012
Revenue	$ 1,842,682	$ 2,336,762
Cost of sales excluding depletion, depreciation and amortization (Note 24)	(900,789)	(831,754)
Gross margin	941,893	1,505,008
Depletion, depreciation and amortization	(401,115)	(383,738)
Mine operating earnings	540,778	1,121,270
Expenses		
General and administrative	(135,320)	(145,856)
Exploration and evaluation	(30,151)	(58,049)
Equity earnings from associate (Note 12)	(3,905)	50,642
Other operating expenses	(78,073)	(99,340)
Impairment of mining properties and goodwill (Notes 4, 11, 12 and 14)	(682,273)	-
Operating earnings	(388,944)	868,667
Finance income (Note 26)	25,086	4,079
Finance expense (Note 26)	(31,383)	(57,618)
Net finance expense	(6,297)	(53,539)
(Loss)/earnings before taxes	(395,241)	815,128
Income tax expense (Note 29)	(79,110)	(373,064)
Net (loss)/earnings	$ (474,351)	$ 442,064
Attributable to:		
Yamana Gold Inc. equity holders	$ (446,247)	$ 442,064
Non-controlling interests	(28,104)	-
	$ (474,351)	$ 442,064
Net (loss)/earnings per share attributable to Yamana Gold Inc. equity holders – basic and diluted	$ (0.59)	$ 0.59
Weighted average number of shares outstanding (Note 20(b))		
Basic	752,697	748,095
Diluted	752,697	749,591

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

Consolidated Statements of Comprehensive Income

For The Years Ended December 31, (In thousands of United States Dollars)	2013	2012
Net (loss)/ earnings	$ (474,351)	$ 442,064
Other comprehensive (loss)/income, net of taxes (Note 21(a))		
Items that may be reclassified subsequently to profit or loss:		
– Net change in unrealized gains on available-for-sale securities	365	15,736
– Net change in fair value of hedging instruments	(51,449)	(8,559)
Total other comprehensive (loss)/income	(51,084)	7,177
Total comprehensive (loss)/income	$ (525,435)	$ 449,241
Attributable to:		
Yamana Gold Inc. equity holders	$ (497,331)	$ 449,241
Non-controlling interests	(28,104)	$ -

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

Consolidated Statements of Cash Flows

For The Years Ended December 31, (In thousands of United States Dollars)	2013	2012
Operating activities		
(Loss)/earnings before taxes	$ (395,241)	$ 815,128
Adjustments to reconcile earnings before taxes to net operating cash flows:		
Depletion, depreciation and amortization	401,115	383,738
Share-based payments (Note 22)	7,682	26,293
Decommissioning, restoration and similar liabilities paid (Note 19)	(4,289)	(3,239)
Equity earnings from associate (Note 12)	3,905	(50,642)
Finance income (Note 26)	(25,086)	(4,079)
Finance expense (Note 26)	31,383	57,618
Mark-to-market on sales of concentrate and price adjustments on unsettled invoices (Note 28(a))	3,124	(16,882)
Impairment of available-for-sale securities and other assets	75,304	73,859
Impairment of mineral properties (Notes 4, 11 and 12)	682,273	-
Other non-cash operating expenses	59,345	18,921
Cash distributions from associate (Note 12)	27,924	-
Income taxes paid	(159,578)	(255,769)
Cash flows from operating activities before non-cash working capital	707,861	1,044,946
Net change in non-cash working capital (Note 30(b))	(54,726)	113,111
Cash flows from operating activities	$ 653,135	$ 1,158,057
Investing activities		
Acquisition of property, plant and equipment (Note 6)	$ (1,047,526)	$ (1,537,994)
Proceeds from option on mineral property	-	20,034
Proceeds on disposition of mineral interests	8,730	244
Acquisition of available-for-sale securities	(3,825)	(2,796)
Acquisition of other long-term assets	(50,269)	-
Interest income received	1,516	2,110
Other assets and investments	37,964	20,372
Cash flows used in investing activities	$ (1,053,410)	$ (1,498,030)
Financing activities		
Issue of common shares upon exercise of options and warrants	$ -	$ 8,972
Dividends paid (Note 20(c))	(196,199)	(168,244)
Interest and other finance expenses paid	(13,972)	(26,697)
Repayment of notes payable and long-term liabilities (Note 18)	(100,000)	(167,632)
Proceeds of notes payable and long-term liabilities	594,014	500,000
Cash flows from financing activities	$ 283,843	$ 146,399
Effect of foreign exchange on non-United States Dollar denominated cash and cash equivalents	(13,144)	(7,270)
(Decrease) increase in cash and cash equivalents	$ (129,576)	$ (200,844)
Cash and cash equivalents, beginning of year	$ 349,594	550,438
Cash and cash equivalents, end of year	$ 220,018	$ 349,594
Cash and cash equivalents are comprised of the following:		
Cash at bank	$ 218,565	$ 299,314
Bank term deposits	$ 1,453	$ 50,280
Total	$ 220,018	$ 349,594

Supplementary cash flow information (Note 30)

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

Consolidated Balance Sheets

As At December 31, (In thousands of United States Dollars)	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	$ 220,018	$ 349,594
Trade and other receivables (Note 7)	80,101	175,297
Inventories (Note 8)	229,225	230,216
Other financial assets (Note 9)	44,493	4,516
Other assets (Note 10)	144,626	164,530
	718,463	924,153
Non-current assets:		
Property, plant and equipment (Note 11)	10,260,801	10,276,071
Investment in associate (Note 12)	117,915	219,744
Investments (Note 13)	9,122	20,480
Other financial assets (Note 9)	9,274	14,691
Deferred tax assets (Note 29(b))	121,599	124,843
Goodwill and intangibles (Note 14)	65,548	98,514
Other assets (Note 10)	107,995	121,667
Total assets	$11,410,717	$11,800,163
Liabilities		
Current liabilities:		
Trade and other payables (Note 15)	$ 456,893	$ 522,932
Income taxes payable	53,458	103,490
Other financial liabilities (Note 16)	94,926	13,790
Other provisions and liabilities (Note 17)	32,093	28,807
	637,370	669,019
Non-current liabilities:		
Long-term debt (Note 18)	1,189,762	765,912
Decommissioning, restoration and similar liabilities (Note 19)	174,523	215,695
Deferred tax liabilities (Note 29(b))	2,024,541	2,072,741
Other financial liabilities (Note 16)	93,839	109,133
Other provisions and liabilities (Note 17)	132,577	105,785
Total liabilities	$ 4,252,612	$ 3,938,285
Equity		
Share capital (Note 20):		
Issued and outstanding 753,303,613 common shares (December 31, 2012 – 752,222,459 shares)	6,320,138	6,304,801
Reserves (Note 21(b))	(41,236)	7,261
Retained earnings	860,507	1,503,016
Equity attributable to Yamana shareholders	$ 7,139,409	$ 7,815,078
Non-controlling interest (Note 23)	18,696	46,800
Total equity	7,158,105	7,861,878
Total equity and liabilities	$11,410,717	$11,800,163

Contractual commitments and contingencies (Notes 32 and 33).
The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

"Peter Marrone"

PETER MARRONE
Director

"Patrick Mars"

PATRICK MARS
Director

Consolidated Statements of Changes In Equity

For The Years Ended December 31, (In thousands of United States Dollars)	Share capital	Equity reserve	Hedging reserve	Available-for-sale reserve	Total reserves	Retained earnings	Equity attributable to Yamana shareholders	Non-controlling interest	Total equity
Balance at January 1, 2012	$6,209,136	$ 16,767	$ (6,091)	$ (15,956)	$ (5,280)	$1,240,867	$7,444,723	$ 46,800	$7,491,523
Net earnings	-	-	-	-	-	442,064	442,064	-	442,064
Other comprehensive income, net of income tax (Note 21(a))	-	-	(8,559)	15,736	7,177	-	7,177	-	7,177
Transactions with owners									
Exercise of stock options and share appreciation (Note 22(a))	11,346	(2,387)	-	-	(2,387)	-	8,959	-	8,959
Issued on vesting of restricted share units (Note 22(c))	9,923	(9,923)	-	-	(9,923)	-	-	-	-
Share options and restricted share units (Note 22(a)(c))	-	14,090	-	-	14,090	-	14,090	-	14,090
Issued on acquisition of mineral interest (Note 6(a))	74,396	3,584	-	-	3,584	-	77,980	-	77,980
Dividends (Note 20(c))	-	-	-	-	-	(179,915)	(179,915)	-	(179,915)
Balance at December 31, 2012	$6,304,801	$ 22,131	$ (14,650)	$ (220)	$ 7,261	$1,503,016	$7,815,078	$ 46,800	$7,861,878
Balance at January 1, 2013	$6,304,801	$ 22,131	$ (14,650)	$ (220)	$ 7,261	$1,503,016	$7,815,078	$ 46,800	$7,861,878
Net loss	-	-	-	-	-	(446,247)	(446,247)	(28,104)	(474,351)
Other comprehensive income, net of income tax (Note 21(a))	-	-	(51,449)	365	(51,084)	-	(51,084)	-	(51,084)
Transactions with owners									
Exercise of stock options and share appreciation (Note 22(a))	140	(35)	-	-	(35)	-	105	-	105
Issued on vesting of restricted share units (Note 22(c))	15,197	(15,197)	-	-	(15,197)	-	-	-	-
Restricted share units (Note 22(a)(c))	-	17,819	-	-	17,819	-	17,819	-	17,819
Issued on acquisition of mineral interest (Note 6(a))	-	-	-	-	-	-	-	-	-
Dividends (Note 20(c))	-	-	-	-	-	(196,262)	(196,262)	-	(196,262)
Balance at December 31, 2013	$6,320,138	$ 24,718	$ (66,099)	$ 145	$ (41,236)	$ 860,507	$7,139,409	$ 18,696	$7,158,105

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

Notes to the Consolidated Financial Statements

For The Years Ended December 31, 2013 And December 31, 2012

(Tabular amounts in thousands of United States Dollars unless otherwise noted)

1 Nature of Operations

Yamana Gold Inc. (the "Company" or "Yamana") is a Canadian-headquartered gold producer engaged in gold mining and related activities including exploration, extraction, processing and reclamation. The Company has significant precious metal properties and land positions throughout the Americas including in Brazil, Chile, Argentina and Mexico.

The Company plans to continue to build on its current production base through existing operating mine expansions and development of new mines, advancement of its exploration properties and by targeting other gold consolidation opportunities with a primary focus in the Americas.

Yamana Gold Inc. is a company domiciled in Canada. The address of the Company's registered office is 200 Bay Street, Suite 2200, RBC Plaza North Tower Toronto, Ontario, Canada, M5J 2J3. The Company is listed on the Toronto Stock Exchange (Symbol: YRI) and The New York Stock Exchange (Symbol: AUY). During the year, the Company delisted from The London Stock Exchange.

The consolidated financial statements of the Company as at and for the years ended December 31, 2013 and December 31, 2012 comprise the Company, its subsidiaries *(Note 34(a))* and the Company's interest in its associate Minera Alumbrera Ltd.

2 Basis of Consolidation and Presentation

(a) Statement of Compliance

These consolidated financial statements of the Company, including comparatives, have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on February 18, 2014.

(b) Basis of Preparation and Presentation

The consolidated financial statements have been prepared on a going concern basis using historical cost except for the following items in the consolidated balance sheet which are measured at fair value:

- Derivative financial instruments
- Financial instruments at fair value through profit or loss
- Available-for-sale financial assets
- Liabilities for cash-settled share-based payment arrangements
- Certain property, plant and equipment measured at recoverable amounts

The consolidated financial statements are presented in United States Dollars, which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated.

(c) Basis of Consolidation

The financial statements of entities which are controlled by the Company through voting equity interests, referred to as subsidiaries, are consolidated. The Company's 56.7% interest in ADLF, is consolidated and the non-controlling interest of the Company's partner is recorded *(Note 23)*. All inter-company transactions and balances, revenue and expenses are eliminated on consolidation.

Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement. The consolidated financial statements include the Company's proportionate share of its 50% interest in Aguas Frias S.A's assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that control ceases. A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Company controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Company incurs and its share of the income that it earns from the joint operation.

An associate is an entity over which the Company's ownership and rights arising from its equity investment provide the Company with the ability to exercise significant influence and are accounted for using the equity method. The Company's investment in Minera Alumbrera Ltd. ("Alumbrera"), which owns the Bajo de la Alumbrera Mine in Argentina, has been accounted for using the equity method. Profits are debited to the equity investment and cash distributions received are credited to the equity investment. Where the Company transacts with an associate of the Company, profits and losses are eliminated to the extent of the Company's interest in the associate. Balances outstanding between the Company and associate are not eliminated in the consolidated financial statements.

The Company does not have any material off-balance sheet arrangements, except as noted in *Note 32*.

3 Significant Accounting Policies

The accounting policies summarized below have been applied consistently in all material respects in preparing the consolidated financial statements.

(a) Foreign Currency Translation

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

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit with banks, banks term deposits and highly liquid short-term investments with terms of less than 90 days.

(c) Inventories

Inventories consisting of product inventories, work-in-process (metal-in-circuit and gold-in-process) and ore stockpiles are valued at the lower of the cost of production and net realizable value. Net realizable value is calculated as the difference between estimated costs to complete production into a saleable form and the estimated future precious metal price based on prevailing and long-term metal prices.

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

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

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

(d) Property, Plant and Equipment

i. *Land, Building, Plant and Equipment*

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

The depreciable amount of building, plant and equipment is recorded 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 their useful lives differ. Useful lives of building, plant and equipment items range from two to fifteen 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 15 years
Machinery and equipment	Straight Line	2 to 7 years
Vehicles	Straight Line	3 to 5 years
Furniture and office equipment	Straight Line	2 to 10 years
Computer equipment and software	Straight Line	3 to 5 years
Land	Not depreciated	

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

Expenditures that extend the useful lives of existing facilities or equipment are capitalized and amortized over the remaining useful lives of the assets. Repairs and maintenance expenditures are expensed as incurred.

ii. *Exploration, Evaluation Assets and Depletable Producing Properties*

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

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

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

Exploration and evaluation expenditures incurred by the Company are capitalized at cost if management determines that probable future economic benefits will be generated as a result of the expenditures. Expenditures incurred before the Company has obtained legal rights to explore a specific area of interest are expensed. Costs incurred for general exploration that is either not project-specific or does not result in the acquisition of mineral properties are considered greenfield expenditures and charged to operations. 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, reserve/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, prefeasibility and final feasibility studies.

The values assigned to the tangible exploration and evaluation assets are carried at acquired costs until such time as the technical feasibility and commercial viability of extracting the mineral resource is demonstrated, which occurs when the related project or component of a mineral reserve or mineral resource that does not form part of the mine plan of a producing mine is considered economically feasible for development. 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 are capitalized. Assessment for impairment is conducted before reclassification.

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

The Company reviews and evaluates 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. Costs related to areas of interest abandoned are written off when such a decision is made. Refer to (i) "Impairment of Assets and Goodwill" for detail of the policy. An impairment assessment of the exploration and evaluation assets is conducted before the reclassification or transfer of exploration and evaluation assets to depletable producing properties.

iii. *Stripping Costs*

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

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

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

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

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

When the costs of the stripping activity asset and the inventory produced are not separately identifiable, the Company uses a stripping ratio to allocate the production stripping costs between the inventory produced and the stripping asset activity asset. A stripping ratio, which represents a unit amount of overburden or waste anticipated to be removed to gain access to a unit amount of ore or mineral material, is developed as part of the initial mine plan and reviewed periodically for reasonableness. Changes in the estimated stripping ratio can result in a change to the future capitalization of stripping costs incurred. A stripping activity asset recognized during the production phase of an open pit mining operation is depleted on a unit-of-production basis over the mineral reserves and the portion of the mineral resources expected to be classified as mineral reserves of the ore body or the related component of the ore body from the date on which production commences. As at December 31, 2013, a total of $181.4 million of stripping costs were capitalized (2012 – $129.0 million).

iv. *Assets Under Construction*

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

- A significant portion of planned capacity, production levels, grades and recovery rates are achieved at a sustainable level
- Achievement of mechanical completion and operating effectiveness
- Significant milestones such as obtaining necessary permits and production inputs are achieved to allow continuous and sustainable operations

Costs associated with commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalized. Borrowing costs, including interest, associated with projects that are actively being prepared for production are capitalized to assets under construction. These costs are elements of the historical cost of acquiring an asset when a period of time is required to bring it to the condition and location necessary for its intended use. Capitalized interest costs are amortized on the same basis as the corresponding qualifying asset with which they are associated.

Once the mining project has been established as commercially feasible, capitalized expenditures other than that on land, buildings, plant and equipment are transferred to mining properties subject to depreciation or depletion together with any amounts transferred from exploration and evaluation assets.

v. *Option Agreements Relating to Mineral Properties*

Option payments made by an interested acquirer prior to the acquirer's decision to exercise the purchase option are deferred until the sale and transfer of the assets are assured. If the option payments are not reimbursable to the acquirer, the option payments are recorded as a reduction of the value of the asset. If the option payments are reimbursable, such amounts are recorded as a liability until the final resolution of the sale.

(e) Borrowing Costs

Interest on borrowings related to qualifying assets including construction or development projects is capitalized until substantially all activities that are necessary to make the asset ready for its intended use are complete. This is usually signaled by the Company's declaration of completion of commissioning at the mine. All other borrowing costs are charged to earnings in the period incurred.

(f) Financial Instruments

Financial assets and financial liabilities, including derivatives, are recognized when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as fair value through profit or loss, available-for-sale, or other financial liabilities.

Fair Value Through Profit or Loss ("FVTPL")

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

Amortized Cost

Other financial liabilities are measured at amortized cost and are amortized using the effective interest method. At the end of each reporting period, the Company determines if there is objective evidence that an impairment loss on financial assets measured at amortized costs has been incurred. If objective evidence that impairment loss for such assets has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognized in profit or loss.

Available-For-Sale ("AFS")

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

Derivative instruments

Derivative instruments are recorded at fair value, including those derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts. Changes in the fair values of derivative instruments are recognized in finance income/expense with the exception of derivatives designated as effective cash flow hedges.

For cash flow hedges that qualify under the hedging requirements of IAS 39 Financial Instruments: Recognition and Measurement ("IAS39"), the effective portion of any gain or loss on the hedging instrument is recognized in OCI and the ineffective portion is reported as an unrealized gain (loss) on derivatives contracts as finance income/expense in the Statement of Operations.

i. *Commodity Derivatives*

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

The Company has entered into non-hedge derivatives that include forward contracts intended to manage the risk of declining copper prices. The Company does not hedge any of its gold sales.

ii. *Currency Derivatives*

The Company, from time to time, may enter into currency forward contracts to manage the foreign exchange exposure of the operating and capital expenditures associated with its international operations. The Company tests the hedge effectiveness quarterly. Effective unrealized changes in fair value are recorded in OCI. Ineffective changes in fair value are recorded in earnings. At settlement, the fair value amount settled is recognized as follows:

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

iii. *Interest Rate Derivatives*

The Company, from time to time, may enter into interest rate swap contracts to manage its exposure to fluctuations in interest rates. The Company tests the hedge effectiveness quarterly. Effective unrealized changes in fair value are recorded in OCI. Ineffective changes in fair value are recorded in profit or loss. At settlement, the fair value amount settled is reclassified as interest expense.

iv. *Termination of Hedge Accounting*

Hedge accounting is discontinued prospectively when:

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

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

Transaction and financing costs are incremental costs that are directly attributable to the acquisition of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired the financial instrument. Transaction costs are expensed as incurred for financial instruments classified as FVTPL. For financial instruments classified as other than FVTPL, transaction costs are included with the carrying amount of the financial asset or liability on initial recognition and amortized using the effective interest method.

(g) Revenue Recognition

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

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

Concentrate revenue from smelters is recorded at the time the risks and rewards of ownership pass to the buyer. This revenue is provisionally priced at the date of sale, that is, the price is set at a specified future date after shipment based on market prices. Revenue on provisionally priced sales is recognized based on estimates of the fair value of consideration receivable predicated on forward market prices. At each reporting date, the provisionally priced metal is fair valued based on forward selling price for the remaining quotational period stipulated in the contract. For this purpose, the selling price can be measured reliably for those products, such as copper, for which there is an active and freely traded commodity market such as London

Metals Exchange and the value of product sold by the Company is directly linked to the form in which it is traded on that market. Variations between the prices set under the smelting contracts are caused by changes in market prices and result in an embedded derivative in the accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in the fair value classified in revenue. The provisional sales quantities are adjusted for changes in metal quantities upon receipt of new information and assay results.

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

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

(h) Business Combinations

A business combination requires that the assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Although businesses usually have outputs, outputs are not required for an integrated set to qualify as a business as the Company considers other factors to determine whether the set of activities or assets is a business.

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

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

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

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

(i) Non-controlling Interests

Non-controlling interests exist in less than wholly-owned subsidiaries of the Company and represent the outside interest's share of the carrying values of the subsidiaries. Non-controlling interests are recorded at their proportionate share of the fair value of identifiable net assets acquired as at the date of acquisition and are presented immediately after the equity section of the consolidated balance sheet. When the subsidiary company issues its own shares to outside interests and does not result in a loss of control, a dilution gain or loss arises as a result of the difference between the Company's share of the proceeds and the carrying value of the underlying equity, an equity transaction, is included in equity.

(j) Impairment of Assets and Goodwill

The Company assesses at the end of each reporting period whether there is any indication, from external and internal sources of information, that an asset or cash generating unit ("CGU") may be impaired. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mineral properties and goodwill. Internal sources of information include the manner in which property and plant and equipment are being used or are expected to be used and indications of economic performance of the assets, historical exploration and operating results. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties and/or goodwill.

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

The Company defines a CGU as an area of interest. An area of interest is an area of similar geology; an area of interest includes exploration tenements/licenses which are geographically close together, are managed by the same geological management group and have similar prospectivity. Areas of interest are defined by the geology/exploration team of the Company.

An area of interest may be categorized as project area of interest or exploration area of interest. A project area of interest represents an operating mine or a mine under construction and its nearby exploration properties, which are managed by the Company's operation group. An exploration area of interest represents a portfolio or pool of exploration properties which are not adjacent to an operating mine or a mine under construction; an exploration area of interest is managed by the Company's exploration group.

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

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

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

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Decommissioning, restoration and similar liabilities are a type of provision associated with the retirement of a long-lived asset that results from the acquisition, construction, development and/or normal operation of a long-lived asset. Reclamation obligations on the Company's mineral properties are recorded as a decommissioning, restoration and similar liabilities. These include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. These estimated costs are provided for in the accounting period when the obligation from related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the present value of estimated future costs. The costs are estimated based on 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), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures that may occur upon decommissioning, restoration and similar liabilities. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

The amortization or 'unwinding' of the discount applied in establishing the present value of decommissioning, restoration and similar liabilities and other provisions is charged to the consolidated statement of operations in each accounting period. The amortization of the discount is shown as a financing expense. The initial decommissioning, restoration and similar liabilities together with other movements in the provisions for decommissioning, restoration and similar liabilities, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalized within property, plant and equipment. The capitalized costs are amortized over the life of the mine on a unit-of-production basis.

(l) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of operations except to the extent it relates to items recognized directly in equity or in other comprehensive income, 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 statement of operations due to items of income or expenses that are not currently taxable or deductible for tax purposes, using tax rates substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized 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: the initial recognition of goodwill or assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to 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 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) Earnings per Share

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 and warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

(n) Share-Based Payments

The Company's share-based compensation plans are described in *Note 22*.

The Company accounts for all share-based payments, including share options, restricted share units and deferred share units, to employees and non-employees using the fair value based method of accounting and recognizes compensation expense over the vesting period. 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.

(o) Pension Plan

The Company has a defined contribution pension plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service.

Payments to the plan are recognized as an expense when employees have rendered service entitling them to the contributions.

(p) Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The Company's primary format for reporting segment information is geographical segments. The Company's chief decision maker, comprised of the senior management team, performs its planning, decision making, cash flow management and other management activities on such segment structure and relies on a management team with its members positioned in the geographical regions where the Company's key mining operations are located. In determining the Company's segment structure, consideration is given to the similar operational, currency and political risks to which the mining operations within the same business and regulatory environment are exposed. Except for the Canada and Other segments, each mine within a segment derives its revenues mainly from the sales of precious metals through specific channels and processes as coordinated and managed by the corresponding regional management group.

All operating segments' results are reviewed regularly by the Company's chief decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Company's chief decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company is organized on the basis of five segments:

- Brazil: Chapada, Jacobina, Fazenda Brasileiro, development projects in the segment;
- Chile: El Peñón, Minera Florida, development projects in the segment;
- Argentina: Gualcamayo, development projects in the segment;
- Mexico: Mercedes, development projects in the segment;
- Canada and other: Corporate office and other development projects outside of the above segments.

(q) Investment in Associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Company is presumed to have significant influence if it holds, directly or indirectly, 20% or more of the voting power of the investee. If the Company holds less than 20% of the voting power, other relevant factors are examined by the Company to determine whether it has significant influence. The factors that may enable the exercise of significant influence include the proportion of seats on the board being assigned to the Company, nature of the business decisions that require unanimous consent of the directors, ability to influence the operating, strategic and financing decisions and the existing ownership composition vis-à-vis the Company's ability to exercise significant influence. The Company accounts for its investment in associate using the equity method. The Company accounts for its investment in Alumbrera of 12.5% using the equity method.

The equity method involves the recording of the initial investment at cost and the subsequent adjustments of the carrying value of the investment for the Company's proportionate share of the profit or loss and any other changes in the associate's net assets such as dividends.

The Company's proportionate share of the associate's profit or loss is based on its most recent financial statements. There is no difference in the associate's reporting period and that of the Company. Adjustments are made to align inconsistencies between our accounting policies and our associate's policies, if any, before applying the equity method. Adjustments are also made to account for depreciable assets based on their fair values at the acquisition date and for any impairment losses recognized by the associate.

If our share of the associate's losses equals or exceeds our investment in the associate, recognition of further losses is discontinued. After our interest is reduced to zero, additional losses will be provided for and a liability recognized, only to the extent that we have incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, we resume recognizing our share of those profits only after our share of the profits equals the share of losses not recognized.

(r) 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. The Company reviews the useful life, depreciation method and carrying value on a regular basis. Where the carrying value is estimated to exceed the estimated recoverable amount, a provision for impairment is recorded measured as the higher of fair value less costs to sell or the intangible asset's value in use.

4 Critical Judgements and Estimation Uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

(a) Critical Judgements in the Application of Accounting Policies

Information about critical judgements and estimates in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Assets' carrying values and impairment charges

  In the determination of carrying values and impairment charges, management looks at the higher of value in use and fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. During the year, the Company recognized an unrealized, non-cash impairment loss on certain mining properties and equity investments in the amount of $682.3 million (2012 – $*nil*).

- Capitalization of exploration and evaluation costs

  Management has determined that exploration and evaluation costs incurred during the year 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 and existing permits. During the year, the Company capitalized a total of $81.8 million (2012 – $101.3 million) of exploration and evaluation expenditures.

- Recoverable Ounces

  The carrying amounts of the Company's mining properties are depleted based on recoverable ounces contained in mineral proven and probable reserves plus a portion in 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 in future depletion rates.

- Determination of economic viability of a project

  Management has determined that costs associated with projects under construction or developments 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.

- Completion of commissioning/commencement of operating level production

  During the determination of whether a mine has reached an operating level that is consistent with the use intended by management, costs incurred are capitalized as property, plant and equipment and any consideration from commissioning sales are offset against costs capitalized. The Company defines completion of commissioning as the date that a mine has achieved a sustainable level of production along with various qualitative factors including but not limited to the achievement of mechanical completion, the working effectiveness of the site refinery, whether a refining contract for the product is in place and whether the product is of sufficient quantity to be sold, whether there is a sustainable level of production input available including power, water, diesel, etc., whether the necessary permits are in place to allow continuous operations. The Company currently has three properties (Ernesto/Pau-a-pique, C1 Santa Luz and Pilar) which are in the commissioning phase and were determined to not have met the criteria for commencement of operating level production as at December 31, 2013.

- Deferral of stripping costs

  In determining whether stripping costs incurred during the production phase of a mining property relate to mineral reserves and mineral resources that will be mined in a future period and therefore should be capitalized, the Company determines whether it is probable that future economic benefit associated with the stripping activity over the life of the mineral property will flow to the Company. Changes in estimated strip ratios can result in a change to the future capitalization of stripping costs incurred. As at December 31, 2013, a cumulative total of $181.4 million (2012 – $129.0 million) of stripping costs have been capitalized.

- Determination of significant influence

  Management determines its ability to exercise significant influence over an investment in shares of other companies by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policy-making processes material transactions between the Company and the associate, interchange of managerial personnel, provision of essential technical information and operating involvement.

- Determination of asset and liability fair values and allocation of purchase consideration

  Business combinations require judgement and estimates to be made at the date of acquisition in relation to determining asset and liability fair values and the allocation of the purchase consideration over the fair value of the assets and liabilities. For all significant acquisitions, the Company employs third party independent valuators to assist in determining asset and liability fair values and the allocation of the purchase consideration over the fair value of the assets and liabilities. The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgements and estimates about future events, including but not limited to estimates of mineral reserves and mineral resources acquired, exploration potential, future operating costs and capital expenditures, future metal process and long-term foreign exchange rates. Changes to the provisional measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined within one year of the acquisition date.

- Determination of business combinations and asset acquisitions

  Management determines the assets acquired and liabilities assumed constitute a business if it consists of inputs and processes applied to those inputs that have the ability to create outputs. Accordingly, the transaction is considered a business combination. The Company acquired Extorre Gold Mines Limited in August 2012 and, at which time, concluded that the transactions did not qualify as a business combination under IFRS 3, *Business Combinations,* as significant inputs and processes that constitute a business were not identified.

(b) Key Sources of Estimation Uncertainty in the Application of Accounting Policies

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are included in the following notes:

- Revenue recognition

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

- Mineral reserve estimates

  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. 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. Differences between management's assumptions 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 operation.

- Impairment of mineral properties and goodwill

  While assessing whether any indications of impairment exist for mineral properties and goodwill, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mineral properties and goodwill. Internal sources of information include the manner in which property and plant and equipment are being used or are expected to be used and indications of economic performance of the assets, historical exploration and operating results. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the mining properties and the discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral properties and/or goodwill. In testing impairment, including goodwill, the following are the key applicable assumptions: discount rate of 4.6% (2012 – 5.9%) as determined by the weighted average cost of capital, long-term gold price of $1,300 per ounce (2012 – $1,375 per ounce) and long-term copper price of $3.00 per pound (2012 – $3.00 per pound). Long-term metal prices are based on the compilation of independent industry analyst forecasts.

  During the fourth quarter, the Company performed its impairment test updating its life of mine after-tax cash flow projects for updated reasonable estimates of future metal prices, production based on current estimates of recoverable mineral reserves and mineral resources, recent operating and exploration results, exploration potential, future operating costs, capital expenditures, inflation and long-term foreign exchange rates. The value-in-use in the impairment assessments in the fourth quarter were calculated assuming long-term prices of $1,300 per ounce of gold and $3.00 per pound of copper.

The Company examined future cash flows, the intrinsic value of value beyond proven and probable mineral reserves, value of land holdings, as well as other factors, which are determinants of commercial viability of each and every mining property in its portfolio, and concluded that a total of $672.0 million (2012 – $*nil*) of impairment charges on the following mineral properties, goodwill and investment in associate should be recognized in the fourth quarter:

- Various exploration properties, Argentina and Chile – A total impairment charge $181.1 million in respect to exploration properties in Argentina and $80.9 million in respect to Amancaya in Chile for a total of $262.0 million as a result of the continuous downward trend in metal prices resulting in lower in situ market and income values for exploration potential and below-expectation exploration results.
- Ernesto/Pau-a-Pique, Brazil – Impairment charge of $175.0 million against the carrying value was recognized due to the continuous downward trend in metal prices and commissioning delays resulting in higher capital expenditures.
- Jeronimo, Chile – Impairment charge of $110.0 million against the carrying value of the project was recognized on the decision of not proceeding with construction at this time; future construction decision is subject to finding additional project enhancements.
- Alumbrera, Argentina – Impairment charge of $70.0 million is recognized against the carrying value of the Company's 12.5% equity interest in the Alumbrera mine due to the continuous downward trend in metal prices. Additionally, Alumbrera is near the end of its mine life requiring greater waste removal to access mineable ore resulting in higher future operating costs.
- Jacobina, Brazil – Impairment of Goodwill of $55.0 million (Refer to *Note 14* to the Consolidated Financial Statements) as a result of the continuous downward trend in metal prices, the mine's recent operating and exploration results and exploration potential.

In addition to the impairment charges mentioned above, an additional $10.3 million related to minor exploration properties was recognized during the year on the decision of not proceeding with further exploration and/or disposition in the prior quarters of 2013, resulting in total impairment charges against mineral properties for the year to a total of $682.3 million (2012 – $*nil*).

Should there be a significant decline in the pricing of our metals, the Company would undertake actions to assess the implications on life of mine plans, including the determination of mineral reserves and mineral resources and the appropriate cost structure for the CGU. 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 metal price changes. As such, 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 10% change in the metal price assumptions taking gold price from $1,300 per ounce to $1,170 per ounce and copper price from $3.00 per pound to $2.76 per pound, and a 10% decline in certain cost inputs while holding all other assumptions constant. Based on the results of the impairment testing performed in the fourth quarter of 2013, the CGU's that are most sensitive to changes in these key assumptions appear below. The decrease in recoverable value below represents the resulting change in recoverable value but not the amount, if any, of an impairment. 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.

(in million dollars)

Mine	Decrease in recoverable value from a 10% decrease in metal prices	Increase/decrease in recoverable value from a 10% decrease/increase in operating costs
Gualcamayo	$ 160	$ 90
Pilar	$ 110	$ 60
Jacobina	$ 130	$ 65
Ernesto/Pau-a-Pique	$ 90	$ 60
Jeronimo	$ 120	$ 75
Alumbrera (12.5% interest)	$ 30	$ 40

There are numerous factors that are taken into consideration in the impairment test including historical conversion of mineral reserves and mineral resources, historical exploration results, exploration potential and changes to expected production levels. Gualcamayo and Jacobina's recoverable values are the least likely to be impacted solely by metal prices due to these other factors. The carrying amounts, for Gualcamayo, Pilar, Jacobina, Ernesto/Pau-a-Pique, Jeronimo and Alumbrera CGUs were approximately $750.0 million, $425.0 million, $770.0 million, $150.0 million, $145.0 million and $120.0 million, respectively.

- Estimated Recoverable Ounces

  The carrying amounts of the Company's mining properties are depleted based on recoverable ounces contained in mineral proven and probable reserves plus a portion in 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 in future depletion rates.

- Asset lives, depletion/depreciation rates for property, plant and equipment and mineral interests

  Depreciation, depletion and amortization expenses are allocated based on assumed asset lives and depletion/depreciation/amortization rates. Should the asset life or depletion/depreciation rate differ from the initial estimate, an adjustment would be made in the statement of operations.

- Estimation of decommissioning and restoration costs and the timing of expenditure

  The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income taxes and recoverability of potential 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.

- Inventory valuation

  Finished goods, work-in-process, heap leach ore and stockpile ore are valued at the lower of the average production costs or net realizable value. The assumptions used in the valuation of work-in process inventories include estimates of gold contained in the ore stacked on leach pads, assumptions of the amount of gold stacked that is expected to be recovered from the leach pads, the amount of gold in the mill circuits and assumption of the gold price expected to be realized when the gold is recovered. If these estimates or assumptions prove to be inaccurate, the Company could be required to write-down the recorded value of its work-in-process inventories, which would reduce the Company's earnings and working capital. During the year, inventory a total charge of $14.8 million was recorded to adjust to net realizable value (2012 – $1.2 million) included in cost of sales.

- Accounting for business combinations

  The fair value of assets acquired and liabilities assumed and the resulting goodwill, if any, requires that management make estimates based on the information provided by the acquiree. Changes to the provisional values of assets acquired and liabilities assumed, deferred income taxes and resulting goodwill, if any, will be retrospectively adjusted when the final measurements are determined (within one year of acquisition date).

- Contingencies

  Refer to *Note 33, Contingencies* to the consolidated financial statements.

5 Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2012. Pronouncements that are not applicable to the Company have been excluded from those described below. The following new standards have been adopted effective January 1, 2013:

(i) IFRS 10 *Consolidated Financial Statements* – the Standard has no significant impact on the Company. The Company concluded that it continues to have control, as defined by IFRS 10, over Agua de la Falda.

(ii) IFRS 11 *Joint Arrangements* – the Company concluded that the current treatment of Agua Fria is consistent with IFRS 11 treatment of accounting for the underlying assets and liabilities line-by-line in relation to its 50% interest in the assets, liabilities, revenues and expenses of Agua Fria.

(iii) IFRS 12 *Disclosure of Interests in Other Entities* – the Standard has no significant impact on the Company.

(iv) IAS 27 *Consolidated and Separate Financial Statements* – the Standard has no significant impact on the Company.

(v) IAS 28 *Investments in Associates and Joint Ventures* – the Standard has no significant impact on the Company.

(vi) IFRS 13 *Fair Value Measurement* – the Standard has no significant accounting impact on the Company given the existing asset and liability mix of the Company to which fair value accounting applies.

(vii) IAS 1 *Presentation of Financial Statements* – the Company has revised the presentation of the Condensed Consolidated Interim Statements of Comprehensive Income to disclose items that may or may not be reclassified subsequently to profit or loss.

(viii) IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* – the Company is in compliance with the previous Canadian GAAP EIC-160 *Stripping Costs Incurred in the Production Phase of a Mining Operation.* The Company has assessed all the open-pit mining operations and reclassified the asset balance that resulted from stripping activity undertaken during the production phase as a part of an existing asset to which the stripping activity related. For each of asset balances, there is an identifiable component of the ore body with which the predecessor stripping asset can be associated.

The following pronouncements are mandatory for accounting periods after December 31, 2013. Pronouncements that are not applicable to the Company have been excluded from those described below.

(a) IFRIC 21 *Levies* – the Interpretation is effective for annual periods beginning on or after January 1, 2014. This Standard provides clarification on the accounting for a liability to pay a levy. The Company does not plan to early adopt the Standard. The Company is assessing the impact of this standard.

(b) IFRS 9 *Financial Instruments* – No specific effective date has been announced for this Standard. The Company is assessing the impact of this Standard.

6 Acquisition of Mineral Interests

The Company did not make any significant asset or business acquisitions in 2013.

(a) Acquisition of Extorre Gold Mines Limited

On August 21, 2012 the Company acquired all the issued and outstanding common shares of Extorre Gold Mines Limited ("Extorre"). Extorre is a mining company with exploration and development stage precious metals projects, the most advanced of which is its Cerro Moro project, a high grade, gold and silver deposit.

Under the terms of the Agreement, each Extorre shareholder received $4.28 per share comprised of $3.50 in cash and 0.0467 of a Yamana common share for each Extorre common share held. Total consideration paid was approximately $449.2 million comprised of 4.7 million common shares, transaction costs and issued options. The purchase price was determined using the share price of $15.95 per share for Yamana stock as at August 21, 2012.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The transactions did not qualify as a business combination under IFRS 3, *Business Combinations,* as significant inputs and processes that together constitute a business were not identified. The cost has been allocated to the assets acquired and liabilities assumed based upon their estimated fair value at the date of acquisition.

Total consideration paid of $449.2 million was calculated as follows:

Cash	$ 363,889
Issue of Yamana common shares	74,396
Fair value of 1,155,752 stock options assumed *(Note 22(a))*	3,584
Transaction costs	7,312
Purchase consideration	$ 449,181

The consideration has been allocated as follows:

Current assets net of current liabilities	$ 12,155
Mineral properties	437,026
Net identifiable assets	$ 449,181

The fair value of Yamana options has been estimated using the Black-Scholes option pricing model using the following assumptions:

Dividend yield	0.004
Expected volatility	36%
Risk-free interest rate	1.21%
Expected life	0.10 – 4.65 years
Forfeitures	Nil

7 Trade and Other Receivables

As at December 31,	2013	2012
Trade receivable *(i)*	$ 78,099	$ 173,600
Other receivables	2,002	1,697
	$ 80,101	$ 175,297

(i) The average credit period of gold sales is less than 30 days. No interest is charged on trade receivables and they are neither impaired nor past due.

8 Inventories

As at December 31,	2013	2012
Product inventories	$ 46,930	$ 48,967
Metal in circuit and gold in process	43,031	41,627
Ore stockpiles	52,013	58,787
Materials and supplies	87,251	80,835
	$ 229,225	$ 230,216

The amount of inventories recognized as an expense during the year ended December 31, 2013, was $900.8 million (2012 – $831.8 million) and is included in cost of sales. During the year, a total charge of $14.8 million was recorded to adjust inventory to net realizable value (2012 – $1.2 million) which is included in cost of sales.

9 Other Financial Assets

As at December 31,	2013	2012
Derivative related assets *(Note 28(a))*	$ 51	$ 4,581
Tax credits receivables *(i)*	44,442	-
Deferred consideration receivable *(ii)*	-	10,000
Other	9,274	4,626
	$ 53,767	$ 19,207
Current	44,493	4,516
Non-current	9,274	14,691
	$ 53,767	$ 19,207

(i) Tax credits receivable consist of sales taxes which are recoverable in the form of a refund from the respective jurisdictions in which the Company operates.

(ii) On February 28, 2013, the Company sold two net smelter royalties and a mining royalty to Premier Royalty Inc. for total consideration of $9.6 million. The amount paid consisted of: $8.7 million in cash, 387,096 common shares valued at $0.6 million and 500,000 common shares purchase warrants exercisable at $2.50 per share until February 28, 2016 with a value of $0.3 million.

10 Other Assets

As at December 31,	2013	2012
Tax credits receivables *(i)*	$ 114,563	$ 209,195
Advances and deposits	77,238	60,555
Other long-term advances	26,589	7,497
Income taxes receivable	34,231	8,950
	$ 252,621	$ 286,197
Current	144,626	164,530
Non-current	107,995	121,667
	$ 252,621	$ 286,197

(i) Tax credits receivable consist of South American sales taxes which are recoverable against other taxes payable and value added tax.

11 Property, Plant and Equipment

	Mining property costs subject to depletion *(i)*	Mining property costs not subject to depletion *(ii) (iii) (iv) (vii)*	Land, building, plant & equipment *(v)*	Total
Cost, January 1, 2012	$ 3,050,039	$ 5,848,904	$ 1,330,041	$10,228,984
Additions	275,103	1,090,782	237,316	1,603,201
Transfers and other non-cash movements	195,442	(322,447)	141,603	14,598
Change in decommissioning, restoration & similar liabilities	33,287	(937)	5	32,355
Disposals	(410)	(20,844)	(1,122)	(22,376)
Cost, December 31, 2012	$ 3,553,461	$ 6,595,458	$ 1,707,843	$11,856,762
Additions	249,969	575,178	180,121	1,005,268
Transfers and other non-cash movements	51,105	24,022	(33,163)	41,964
Change in decommissioning, restoration & similar liabilities	(43,538)	-	(85)	(43,623)
Impairment *(vi)*	-	(557,273)	-	(557,273)
Reclassification	(49,583)	(26,911)	147,812	71,318
Disposals	(171)	(62,674)	(2,866)	(65,711)
Cost, December 31, 2013	$ 3,761,243	$ 6,547,800	$ 1,999,662	$12,308,705
Accumulated depreciation and impairment, January 1, 2012	$ 800,519	$ -	$ 389,035	$ 1,189,554
Depreciation for the year	230,860	-	152,984	383,844
Impairment charges	200	-	7,093	7,293
Accumulated depreciation and impairment, December 31, 2012	$ 1,031,579	$ -	$ 549,112	$ 1,580,691
Depreciation for the period	232,310	-	170,012	402,322
Reclassification	3,948	-	67,370	71,318
Disposal	-	-	(6,427)	(6,427)
Accumulated depreciation and impairment, December 31, 2013	$ 1,267,837	$ -	$ 780,067	$ 2,047,904
Carrying value, December 31, 2012	$ 2,521,882	$ 6,595,458	$ 1,158,731	$10,276,071
Carrying value, December 31, 2013	$ 2,493,406	$ 6,547,800	$ 1,219,595	$10,260,801

(i) The following table shows the reconciliation of capitalized stripping costs incurred in the production phase:

As at December 31,	2013	2012
Balance, beginning of the year	$ 128,988	$ 94,192
Additions	59,920	38,931
Amortization	(7,558)	(4,135)
Balance, end of year	$ 181,350	$ 128,988

(ii) At the beginning of 2013, the Company changed the presentation of the Property, Plant and Equipment note in its financial statements. The two asset categories: Assets under construction and Tangible exploration & evaluation assets (as was shown in the 2012 Consolidated Annual Financial Statements) have been combined into one category called: Mining property costs not subject to depreciation. This was not a change in accounting policy nor was there any impact on the Consolidated Statement of Operations. This change was made for a more relevant presentation of the Company's property, plant and equipment and the prior year has been restated for this change.

(iii) During the year ended December 31, 2013, the Company capitalized $48.5 million (December 31, 2012 – $30.3 million) of interest costs for assets under construction. A weighted average capitalization rate of 5.4% (December 31, 2012 – 5.5%) was used to determine the amount of borrowing costs eligible for capitalization.

(iv) Assets not subject to depreciation include: capitalized reserve and exploration potential acquisition costs, capitalized exploration & evaluation costs, capitalized development costs, assets under construction, capital projects and acquired mineral resources at operating mine sites. Mineral property costs not subject to deprecation are composed of the following:

As at December 31,	2013	2012
Projects not in production	$ 3,128,642	$ 2,275,714
Exploration potential	2,586,991	3,469,324
Assets under construction	832,167	850,420
Total	$ 6,547,800	$ 6,595,458

(v) Included in land, building, plant and equipment is $67.5 million of land which in not subject to depreciation (2012 – $67.0 million)

(vi) In early October of 2013, after the spot price for gold returned to the $1,350 per ounce level, it started a continuous decline during the fourth quarter and dipped below $1,200 per ounce by late December. During the fourth quarter, the Company performed its impairment test updating its life of mine after-tax cash flow projects for updated reasonable estimates of future metal prices, production based on current estimates of recoverable mineral reserves and mineral resources, recent operating and exploration results, exploration potential, future operating costs, capital expenditures, inflation and long-term foreign exchange rates. The fair values in the impairment assessment in the fourth quarter were calculated assuming long-term prices of $1,300 per ounce of gold (2012 – $1,375 per ounce of gold) and $3.00 per pound of copper (2012 – $3.00 per pound of copper). The Company examined future cash flows, the intrinsic value of value beyond proven and probable mineral reserves, value of land holdings, as well as other factors, which are determinants of commercial viability of each mining property in its portfolio, and concluded that a total of $547.0 million (2012 – $*nil*) of impairment charges should be recognized against property plant and equipment, which include $175.0 million impairment charge against the carrying value of the Ernesto/Pau-Pique mine, $110.0 million impairment charge against the carrying value of its Jeronimo project, $80.9 million against the carrying value of the Amancaya exploration property, $181.1 million against the carrying value of various exploration properties in Argentina. Additionally, an impairment of $10.3 million against the carrying value of an exploration project in Mexico was recorded in the second quarter of 2013.

(vii) In March 2011, the Company announced an agreement with Xstrata Queensland Limtied ("GlencoreXstrata") and Goldcorp Inc. ("Goldcorp") that would facilitate the integration of Agua Rica into Minera Alumbrera under which GlencoreXstrata, Goldcorp, and Yamana would continue to own a 50%, 37.5%, and 12.5% interest, respectively in Minera Alumbrera. Under the terms of the original agreement, the Company would have received a combination of payments of $110 million during the 36 months following execution of formal transaction documents, $150 million upon approval to proceed with construction, and $50 million upon achieving commercial production. In addition, the Company would receive a deferred consideration stream. At December 31, 2013, a total of $50.0 million in payments had been received. During the third quarter of 2013, the Company, GlencoreXstrata and Goldcorp agreed to an extension period of twelve months in which certain optimizations for a feasibility study would be undertaken with respect to the development of Agua Rica. One of the option payments payable by GlencoreXstrata and Goldcorp in 2013 was deferred to 2014 as part of this agreement, and in addition, the cap on the number of ounces of payable gold for the deferred consideration which is based on 65% of the payable gold production from Agua Rica, which was originally set to a maximum of 2.3 million ounces, was removed.

12 Investment in Associate

The Company holds a 12.5% indirect interest in the Bajo de la Alumbrera Mine, held by Minera Alumbrera Ltd. ("Alumbrera"). Although the investment is less than 20% of the outstanding shares of Alumbrera, other relevant factors have been examined by the Company to determine whether it has significant influence. Such factors include the proportion of seats on the board being assigned to the Company, nature of the business decisions that require unanimous consent of the directors, ability to influence the operating, strategic and financing decisions and the existing ownership composition vis-à-vis the Company's ability to exercise significant influence.

The investment in this associate is, accordingly, accounted using the equity method. Earnings of Alumbrera have been included in the earnings of the Company since acquisition. Summarized financial information is as follows:

As at December 31,	2013	2012
Current assets	$ 688,060	$ 886,450
Non-current assets	851,224	615,717
Total assets	$ 1,539,284	$ 1,502,167
Current liabilities	264,228	283,388
Non-current liabilities	399,041	144,209
Total liabilities	$ 663,269	$ 427,597
Net assets	$ 876,015	$ 1,074,570
Company's share of net assets of associate (12.5%)	$ 109,502	$ 134,321

For the years ended December 31,	2013	2012
Company's share of total revenues (12.5%) for the year	$ 129,302	$ 204,914
Company's share of (losses)/earnings (12.5%) for the year	$ (3,905)	$ 50,642

	2013	2012
Balance of investment in associate, beginning of the year	$ 219,744	$ 169,102
Equity in earnings	(3,905)	50,642
Cash distributions	(27,924)	-
Investment impairment *(i)*	(70,000)	-
Balance, end of year	$ 117,915	$ 219,744

(i) An impairment charge of $70.0 million was recognized against the carrying value of the Company's 12.5% equity interest in the Alumbrera mine, which is near the end of its mine life.

On January 23, 2013, the Company received a loan from Minera Alumbrera Ltd. for a total principal of $43.8 million *(Note 16(i))*.

13 Investments

As at December 31,	2013			2012		
Available-for-sale securities	Cost	Fair Value	Cumulative gains in AOCI	Cost	Fair Value	Cumulative losses in AOCI
Total	$ 8,977	$ 9,122	$ 145	$20,700	$20,480	$ (220)

Available-for-sale ("AFS") financial assets are reviewed quarterly for significant or prolonged decline in fair value requiring impairment and more frequently when economic or market concerns warrant such evaluation. The review includes an analysis of the fact and circumstances of the financial assets, the market price of actively traded securities and other financial assets, the severity of loss, the financial position and near-term prospects of the investment, credit risk of the counterparties, the length of time the fair value has been below costs, both positive and negative evidence that the carrying amount is recoverable within a reasonable period of time, management's intent and ability to hold the financial assets for a period of time sufficient to allow for any anticipated recovery of fair value and management's market view and outlook. As at December 31, 2013, after management's review and based on objective evidence, a total impairment of $16.3 million (2012 – $67.7 million), which represents the difference between the carrying value and the fair market value on certain available-for-sale securities, was recognized as other operating expenses in the consolidated statement of operations (in the prior year, the impairment was presented separately in the consolidated statement of operations).

14 Goodwill and Intangibles

	Goodwill *(i)*	Other intangibles *(ii)*	Total
Cost, January 1, 2012	$ 55,000	$ 24,136	$ 79,136
Additions	$ -	$ 24,459	$ 24,459
Cost, December 31, 2012	**$ 55,000**	**$ 48,595**	**$ 103,595**
Additions	-	24,499	24,499
Dispositions	-	(938)	(938)
Cost, December 31, 2013	**$ 55,000**	**$ 72,156**	**$ 127,156**
Accumulated amortization and impairment, January 1, 2012	$ -	$ (3,790)	$ (3,790)
Amortization	-	(1,291)	(1,291)
Accumulated depreciation and impairment, December 31, 2012	$ -	$ (5,081)	$ (5,081)
Amortization	-	(1,527)	(1,527)
Impairment	$ (55,000)	$ -	$ (55,000)
Accumulated depreciation and impairment, December 31, 2013	**$ (55,000)**	**$ (6,608)**	**$ (61,608)**
Carrying value, December 31, 2012	$ 55,000	$ 43,514	$ 98,514
Carrying value, December 31, 2013	**$ -**	**$ 65,548**	**$ 65,548**

(i) Goodwill represents the excess of the purchase cost over the fair value of net assets acquired on a business acquisition. The Company's total goodwill of $55.0 million as at the beginning of 2013 relates to the acquisition of the gold producing Jacobina mine and related assets in Brazil in 2006. During the fourth quarter, the Company performed its impairment test updating its life of mine after-tax cash flow projects for updated reasonable estimates of future metal prices, production based on current estimates of recoverable mineral reserves and mineral resources, recent operating and exploration results, exploration potential, future operating costs, capital expenditures, inflation and long-term foreign exchange rates. The value of each of the identified and quantified mineral interests in a cash generating unit ("CGU") was determined primarily based on the net present value of the expected life of mine after-tax future cash flows from exploiting the mineral reserves and resources. This represents the after-tax future cash flows that the CGU can be expected to generate over its remaining useful life. The Company examined future cash flows, expected metal prices, the intrinsic value of value beyond proven and probable mineral reserves, value of land holdings, as well as other factors, which are determinants of commercial viability of each and every mining property in its portfolio, and concluded that the goodwill of $55.0 million no longer represents future economic benefits arising from the Jacobina CGU and was impaired. The Company performed its impairment assessment using the Value-in-Use method.

In testing goodwill for impairment, the following are the key applicable assumptions:
- Discount rate of 4.6% (2012 – 5.9%) as determined by the weighted average cost of capital,
- Long-term gold price of $1,300 per ounce (2012 – $1,375 per ounce),
- Long-term foreign exchange rate of 2.7 Brazilian Reais to the United States Dollar (2012 -1.8).

Long-term gold prices and foreign exchange rate are based on the compilation of independent industry analyst forecasts.

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.

(ii) As of December 31, 2013, included in Other Intangibles, the Company had $11.9 million (December 31, 2012 – $13.4 million) of identifiable intangibles, representing the intellectual property and other intangibles recognized in the acquisition of Constructora Gardilcic Ltda. and Constructora TCG Ltda and $53.6 million (December 31, 2012 – $30.1 million) of capitalized system development costs.

15 Trade and Other Payables

As at December 31,	2013	2012
Trade payables *(i)*	$ 310,874	$ 305,271
Other payables	146,019	217,661
	$ 456,893	$ 522,932

(i) No interest is charged on the trade payables for the first 60 days from the date of invoice. The Company has financial risk management policies in place to ensure that all payables are paid within the credit terms.

16 Other Financial Liabilities

As at December 31,	2013	2012
Loan from Alumbrera *(i)*	$ 44,570	$ -
Derivative related liabilities *(Note 28(a))*	64,060	27,284
Royalty payable *(ii)*	14,095	15,134
Severance accrual	24,606	25,401
Deferred Share Units liability *(Note 22(b))*	23,665	35,219
Current portion of long-term debt	15,000	-
Other	2,769	19,885
	$ 188,765	$ 122,923
Current	94,926	13,790
Non-current	93,839	109,133
	$ 188,765	$ 122,923

(i) On January 23, 2013, the Company received an unsecured loan of $43.8 million from Minera Alumbrera Ltd. that bears interest at a rate of 2% and matures in two years. No repayments were made during 2013.

(ii) The Company has an agreement with Miramar Mining Corporation ("Miramar" acquired by Newmont Mining Corporation) for a Proceeds Interest of Cdn$15.4 million. The agreement entitles Miramar to receive payment of this interest over time calculated as the economic equivalent of a 2.5% net smelter return royalty on all production from the Company's mining properties held at the time of Northern Orion entering into the agreement, or 50% of the net proceeds of disposition of any interest in the Agua Rica property until the Proceeds Interest of Cdn$15.4 million is paid.

17 Other Provisions and Liabilities

As at December 31,	2013	2012
Withholding taxes *(i)*	$ 81,064	$ 81,170
Provision for silicosis *(ii)*	15,791	11,502
Other liabilities	67,815	41,920
	$ 164,670	$ 134,592
Current	32,093	28,807
Non-current	132,577	105,785
	$ 164,670	$ 134,592

(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 $81.0 million (December 31, 2012 – $81.2 million) have been accrued on the assumption that the profits will be repatriated.

(ii) Provision for silicosis consists of amounts accrued to settle claims by former employees of Jacobina Mineração e Comércio Ltda ("JMC"), relating to silicosis. This balance represents management's best estimate for all known and anticipated future obligations related to health claims against JMC prior to acquisition by the Company in April 2006. The amount and timing of any expected payments are uncertain as their determination is outside the control of the Company's management. The Company estimates this contingency to be about $15.8 million as at December 31, 2013 (December 31, 2012 – $11.5 million). The increase of $4.3 million in the year relates to an increase in the expected amount of future payments as well as the impact of the foreign exchange rate of this Brazilian-Real denominated liability.

18 Long-Term Debt

As at December 31,	2013	2012
$300 million senior debt notes *(a)*	$ 298,088	$ -
$500 million senior debt notes *(b)*	496,979	496,706
$270 million senior debt notes *(c)*	254,440	269,206
$750 million revolving facility *(d)*	140,255	-
Long-term portion *(i)*	$ 1,189,762	$ 765,912
Current portion of long-term debt *(Note 16)*	$ 15,000	$ -
Total debt	$ 1,204,762	$ 765,912

(i) Balances are net of transaction costs of $10.2 million net of amortization (December 31, 2012 – $4.1 million).

(a) On June 10, 2013, the Company issued senior debt notes for a total of $300.0 million. These notes are unsecured and comprised of two series of notes as follows:

- Series A – $35.0 million at a rate of 3.64% with maturity of June 10, 2018.
- Series B – $265.0 million at a rate of 4.78% with maturity of June 10, 2023.

(b) On March 23, 2012, the Company issued senior debt notes, through a private placement, for a total of $500.0 million in four series of unsecured notes as follows:

- Series A – $75.0 million at a rate of 3.89% with a maturity of March 23, 2018.
- Series B – $85.0 million at a rate of 4.36% with a maturity of March 23, 2020.
- Series C – $200.0 million at a rate of 4.76% with a maturity of March 23, 2022.
- Series D – $140.0 million at a rate of 4.91% with a maturity of March 23, 2024.

(c) On December 18, 2009, the Company issued senior debt notes for a total of $270.0 million are unsecured and comprised of three series of notes as follows:

- Series A – $15.0 million at a rate of 5.53% with a maturity of December 21, 2014.
- Series B – $73.5 million at a rate of 6.45% with a maturity of December 21, 2016.
- Series C – $181.5 million at a rate of 6.97% with a maturity of December 21, 2019.

(d) On February 28, 2013, the Company refinanced its revolving facility of $750.0 million. The following summarizes the terms in respect to this facility as at December 31, 2013:

- The credit facility is unsecured and has a maturity date of February 28, 2018.
- Amounts drawn bear interest at a rate of LIBOR plus 1.5% to 2.75% per annum, depending upon the Company's leverage ratio defined as the net total debt to rolling twelve months earnings before interest, taxes, depreciation and amortization.
- Undrawn amounts are subject to a commitment fee of 0.30% to 0.55% per annum depending upon the Company's leverage ratio.
- During 2013, the Company drew down $145.0 million from the revolving facility.

The following is a schedule of long-term debt principal repayments:

	Long-term debt
2014	$ 15,000
2015	-
2016	-
2017	73,500
2018	255,000
2019 and thereafter	871,500
	$ 1,215,000

19 Decommissioning, Restoration and Similar Liabilities

As at December 31,	2013	2012
Balance, beginning of year	$ 218,287	$ 180,805
Unwinding of discount in the current year for operating mines	12,971	6,814
Unwinding of discount in the current year for non-operating mines	1,428	1,788
Adjustments to decommissioning, restoration and similar liabilities during the year	(29,270)	37,764
Foreign exchange impact	(22,001)	(5,645)
Expenditures during the current year	(4,289)	(3,239)
Balance, end of year	$ 177,126	$ 218,287
Current	2,603	2,592
Non-current	174,523	215,695
	$ 177,126	$ 218,287

The Decommissioning, Restoration and Similar Liabilities are calculated as the net present value of estimated undiscounted future cash flows, which total $240.8 million (December 31, 2012 – $280.0 million) using discount rates specific to the liabilities of 3.6% to 24.6 % (December 31, 2012 – 2.4% to 16.1%). The settlement of the obligations is estimated to occur through to 2034. The Decommissioning, Restoration and Similar Liabilities of the mines and projects are incurred in Brazilian Reais, Chilean Pesos, Argentine Pesos, Mexican Pesos and United States Dollars. The liabilities, other than those denominated in United States Dollar, are thus subject to translation gains and losses from one reporting period to the next in accordance with the Company's accounting policy for foreign currency translation of monetary items. The translation gains/losses, as well as changes in the estimates related to these liabilities are reflected in Property, Plant and Equipment.

20 Share Capital

(a) Common Shares Issued and Outstanding

The Company is authorized to issue an unlimited number of common shares at no par value and a maximum of eight million first preference shares. There were no first preference shares issued or outstanding as at December 31, 2013 (2012: none).

As at December 31,	2013		2012	
Issued and fully paid – 753,303,613 common shares (December 31, 2012 – 752,222,459 shares):	Number of common shares (000's)	Amount	Number of common shares (000's)	Amount
Balance, beginning of year	752,222	$ 6,304,801	745,774	$ 6,209,136
Exercise of options and share appreciation rights *(i)*	9	140	924	11,346
Issued on vesting of restricted share units *(Note 22(c))*	1,072	15,197	861	9,923
Issued on acquisition of mineral interests *(Note 6)*	-	-	4,663	74,396
Balance, end of year	753,303	$ 6,320,138	752,222	$ 6,304,801

(i) During the year ended December 31, 2013, the Company issued 9 thousand shares (December 31, 2012 – 0.9 million shares) to optionees on the exercise of their share options for cash proceeds of $*nil* (December 31, 2012 – $0.6 million). Previously recognized share-based payment in the amount of $0.1 million (December 31, 2012 – $10.7 million) on the options exercised was transferred to share capital with a corresponding decrease to equity reserve.

(b) Weighted Average Number of Shares Outstanding for Earnings Per Share Calculation

For the years ended December 31,	2013	2012
Weighted average number of common shares	752,697	748,095
Weighted average number of dilutive Restricted Share Units (RSU) *(i)*	-	957
Weighted average number of dilutive stock options *(i)*	-	539
Dilutive weighted average number of common shares	752,697	749,591

(i) For the year ended December 31, 2013, the RSU and stock options outstanding have not been included in the weighted average number of shares outstanding as they are anti-dilutive.

Total options excluded from the computation of diluted earnings per share because the exercise prices exceeded the average market value of the common shares for the year ended December 31, 2013 were 0.9 million (December 31, 2012 – 0.9 million).

(c) Dividends Paid and Declared

For the years ended December 31,	2013	2012
Dividends paid	$ 196,199	$ 168,244
Dividend declared in respect of the year	$ 196,262	$ 179,915
Dividend paid (per share)	$ 0.260	$ 0.225
Dividend declared in respect of the year (per share)	$ 0.260	$ 0.240

21 Other Comprehensive Income and Reserves

(a) Other Comprehensive Income

For the years ended December 31,	2013	2012
Net change in unrealized losses on available-for-sale securities:		
Change in fair value	$ (5,691)	$ (11,916)
Tax impact	-	-
Reclassification of losses recorded in earnings	6,056	27,652
	365	15,736
Net change in fair value of hedging instruments		
Change in fair value	(44,426)	(13,411)
Tax impact	(7,023)	4,852
	(51,449)	(8,559)
Other comprehensive (loss) income attributable to equity shareholders	$ (51,084)	$ 7,177

(b) Reserves

	2013	2012
Equity reserve		
Balance, beginning of year	$ 22,131	$ 16,767
Exercise of stock options and share appreciation	(35)	(2,387)
Issue of restricted share units	17,819	14,090
Transfer of restricted share units to share capital on vesting	(15,197)	(9,923)
Issued on acquisition of mineral interests	-	3,584
Balance, end of year	$ 24,718	$ 22,131
Hedging reserve		
Balance, beginning of year	$ (14,650)	$ (6,091)
Net change in fair value of hedging instruments *(i)*	(51,449)	(8,559)
Balance, end of year	$ (66,099)	$ (14,650)
Available-for-sale reserve		
Balance, beginning of year	$ (220)	$ (15,956)
Change in fair value of available-for-sale securities	(5,691)	(11,916)
Reclassification of losses on available-for-sale securities to earnings	6,056	27,652
Balance, end of year	$ 145	$ (220)
Total reserve balance, end of year	$ (41,236)	$ 7,261

(i) Net of tax recovery of $*nil* (2012 – tax recovery of $4.9 million).

The hedging reserve represents hedging gains and losses recognized on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in the consolidated statement of operations when the hedged transaction impacts the consolidated statement of operations, or is recognized as an adjustment to the cost of non-financial hedged items.

The available-for-sale reserve represents the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold or impaired, the relevant portion of the reserve is recognized in the consolidated statement of operations.

22 Share-Based Payments

The total compensation costs relating to share-based payments for the year ended December 31, 2013 were $7.7 million (2012 – $26.3 million) and is comprised of the following:

For the years ended December 31,	2013	2012
Equity-settled plans	$ 17,819	$ 14,090
Cash-settled plans	(10,137)	12,203
Total expense recognized as compensation expense	$ 7,682	$ 26,293

As at December 31,	2013	2012
Total carrying amount of liabilities for cash-settled arrangements *(Note 16)*	$ 23,665	35,219

(a) Stock Options

The Company's Share Incentive Plan is designed to advance the interests of the Company by encouraging employees, officers, directors and consultants to have equity participation in the Company through the acquisition of common shares. The Share Incentive Plan is comprised of a share option component and a share bonus component. The aggregate maximum number of common shares that may be reserved for issuance under the Share Incentive Plan is 24.9 million (2012 – 24.9 million). Pursuant to the share bonus component of the Share Incentive Plan, common shares may be issued as a discretionary bonus to employees, officers, directors and consultants of the Company. Options granted under the share option component of the Share Incentive Plan vest immediately and have an exercise price of no less than the closing price of the common shares on the Toronto Stock Exchange on the trading day immediately preceding the date on which the options are granted and are exercisable for a period not to exceed ten years.

The Share Incentive Plan also provides for the granting of share appreciation rights to optionees. An optionee is entitled to elect to terminate his or her option, in whole or part, and, in lieu of receiving the common shares to which their terminated option relates, to receive that number of common shares, disregarding fractions which, when multiplied by the fair value of the common shares to which their terminated option relates, has a total value equal to the product of the number of such common shares times the difference between the fair value and the option price per share of such common shares, less any amount required to be withheld on account of income taxes.

A summary of the stock options granted to acquire common shares under the Company's Share Incentive Plan as at the period end and the changes thereof during the period are as follows:

	2013		2012	
	Number of options (000's)	Weighted average exercise price (Cdn$)	Number of options (000's)	Weighted average exercise price (Cdn$)
Outstanding, beginning of year	1,539	$ 18.53	1,532	$ 9.90
Exercised	(9)	11.68	(936)	10.48
Expired	(135)	16.98	(213)	20.40
Granted	1,333	9.54	1,156	23.79
Outstanding, end of year	2,728	$ 13.64	1,539	$ 18.53
Exercisable, end of year	1,839	$ 15.47	1,539	$ 18.53

The fair value of options granted during the year ended December 31, 2013, had a fair value of $2.37 at the grant date which has been estimated using the Black-Scholes option pricing model using the following assumptions:

	2013
Dividend yield	0.03
Expected volatility *(i)*	45.48%
Risk-free interest rate	0.98% to 1.16%
Expected life	1 to 3 years
Forfeitures	10%

(i) The expected volatility is based on the historical volatility of the Company's shares.

The weighted average share price at date of exercise for the year ended December 31, 2013 was $9.84 (December 30, 2012 – $18.68).

Stock options outstanding and exercisable as at December 31, 2013 are as follows:

	Outstanding		Exercisable	
Exercise price (Cdn$)	Quantity (000's)	Weighted average remaining contractual life (Years)	Quantity (000's)	Weighted average remaining contractual life (Years)
$0.01-$7.99	25	0.90	25	0.90
$9.00-$12.99	1,910	4.97	1,910	4.97
$17.00-$19.99	271	0.64	271	0.64
$23.00-$26.99	521	1.28	521	1.28
Total	2,727	3.80	2,727	2.27

(b) Deferred Share Units ("DSU")

DSU are granted to the eligible participants of the Deferred Share Unit Plan, who are non-executive directors of the Company or designated affiliates (an "eligible director"), and the Chairman or Chief Executive Officer (an "eligible officer") of the Company. The number of DSU granted to each eligible director on each DSU issue-date has the value equal to at least one half of the director's remuneration payable in the current quarter. The Board may also grant, in its sole and absolute discretion, to an eligible officer the rights to acquire any number of DSU as a discretionary payment in consideration of past services to the Company. Each DSU entitles the holder, who ceases to be an eligible director or eligible officer, to a payment in cash without any further action on the part of the holder of the DSU on the relevant separation date. The value of a DSU is equal to the market value in Canadian dollars of a common share of the Company at the separation date.

Number of DSU (000's)	2013	2012
Outstanding and exercisable, beginning of year	2,029	1,494
Granted	631	535
Canceled	(26)	-
Outstanding and exercisable, end of year	2,634	2,029

The value of the DSU as at December 31, 2013 was $23.7 million (2012 – $35.2 million). In the year ended December 31, 2013, the Company recorded mark-to-market gain of $17.1 million (2012 – loss of $3.4 million) which is included in other operating expenses. Expenses of $10.1 million (2012 – $8.8 million) were recognized for DSU granted during the year.

(c) Restricted Share Units ("RSU")

RSU are granted to eligible employees and eligible contractors in order to secure for the Company the benefits inherent in the ownership of Company shares' by those eligible participants. From time to time, the Board, or as it delegates, determines the participants to whom RSU shall be granted by taking into consideration the present and potential contributions of the services rendered by the particular participant to the success of the Company. A RSU award granted to a participant will entitle the participant to receive a Canadian dollar payment in fully paid shares or, at the option of the Company, in cash on the date when the RSU award is fully vested upon the expiry of the restricted period in respect of the corresponding RSU award. Fair value of RSU is based on the market price on the day that the RSU is granted.

Number of RSU (000's)	2013	2012
Outstanding, beginning of year	2,283	1,965
Granted	992	1,263
Vested and converted to common shares	(1,072)	(861)
Forfeited	(11)	(84)
Outstanding, end of year	2,192	2,283

In the year ended December 31, 2013, the Company credited $15.2 million (2012 – $9.9 million) to share capital in respect of RSU that vested during the year and granted 991,982 RSU (2012 – 1,263,492 RSU) with a weighted average grant date fair value of Cdn$11.06 (2012 – Cdn$16.42). The expense for the year ended December 31, 2013 of $16.7 million (2012 – $14.1 million) is included in general and administrative expenses. The fair value of RSU as at December 31, 2013 was $10.9 million (2012 – $20.7 million).

23 Non-Controlling Interest

The Company holds a 56.7% interest in Agua De La Falda ("ADLF") project along with Corporación Nacional del Cobre de Chile ("Codelco"). The ADLF project is an exploration project which includes the Jeronimo Deposit and is located in northern Chile.

As at December 31,	2013	2012
Agua De La Falda S.A.	$ 18,696	$ 46,800

In early October of 2013, after the spot price for gold returned to the $1,350 per ounce level, it started a continuous decline during the fourth quarter and dipped below $1,200 per ounce by late December. During the fourth quarter, the Company performed its impairment test updating its life of mine after-tax cash flow projects for updated reasonable estimates of future metal prices, production based on current estimates of recoverable mineral reserves and mineral resources, recent operating and exploration results, exploration potential, future operating costs, capital expenditures, inflation and long-term foreign exchange rates. The fair values in the impairment assessment in the fourth quarter were calculated assuming long-term prices of $1,300 per ounce of gold (2012 – $1,375 per ounce of gold). The Company examined future cash flows, the intrinsic value of value beyond proven and probable mineral reserves, value of land holdings, as well as other factors, which are determinants of commercial viability of each and every mining property in its portfolio, and concluded that an impairment charge of $110.0 million ($88.0 million, net of taxes) against the carrying amount of Jeronimo was appropriate. The non-controlling interest's share of impairment charge was $35.1 million ($28.1 million, net of taxes).

24 Cost of Sales Excluding Depletion, Depreciation and Amortization

For the years ended December 31,	2013	2012
Contractors and services	$ 287,855	$ 266,575
Employee compensation and benefits expenses *(Note 25)*	237,512	211,230
Repairs and maintenance	95,934	95,878
Royalties	5,587	8,006
Power	65,998	71,042
Consumables	257,287	220,417
Other	(453)	4,184
Change in inventories, ore stockpiles, material and supplies	(52,351)	(26,432)
Impact of foreign currency derivatives contracts *(Note 28(a))*	3,420	(19,146)
Cost of sales excluding depletion, depreciation and amortization	$ 900,789	$ 831,754

25 Employee Compensation and Benefit Expenses

For the years ended December 31,	2013	2012
Wages and salaries	$ 253,671	$ 239,869
Social security, pension and government-mandated programs *(a)*	129,802	141,614
Other benefits *(b)*	17,734	36,762
Total Employee compensation and benefits expenses	401,207	418,245
Less: Expensed within General and Administrative expenses	(87,433)	(115,550)
Less: Expensed within Exploration and evaluation expenses	(26,157)	(32,496)
Less: Capitalized to Property, Plant and Equipment	(50,104)	(58,969)
Employee compensation and benefit expenses included in Cost of sales *(Note 24)*	$ 237,513	$ 211,230

(a) 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 $10.2 million (2012 – $10.5 million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at December 31, 2013, contributions of $8.2 million due in respect of the 2013 reporting period (2012 – $4.4 million) had not been paid over to the plans but were paid subsequent to the end of the year.

(b) Included in Other benefits are share-based payment transactions as discussed in *Note 22*.

26 Finance Income and Expense

For the years ended December 31,	2013	2012
Interest income	$ 1,648	$ 3,708
Unrealized gain on derivatives	-	371
Realized gain on derivatives	-	-
Net foreign exchange gain	23,438	-
Finance income	$ 25,086	$ 4,079
Unwinding of discounts on provisions	$ (12,971)	$ (8,602)
Net foreign exchange loss	-	(25,870)
Realized loss on interest rate swaps	-	(1,350)
Realized loss on derivatives	-	(20)
Interest expense on long-term debt	(1,999)	(7,921)
Bank, financing fees and other	(16,413)	(13,855)
Finance expense	$ (31,383)	$ (57,618)
Net finance expense	$ (6,297)	$ (53,539)

The above finance income and finance expense include the following interest income and expense in respect of assets and liabilities not recorded at fair value:

For the years ended December 31,	2013	2012
Total interest income on financial assets	$ 1,648	$ 3,708
Total interest expense on financial liabilities	$ (31,383)	$ (56,248)

27 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).

The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, pay dividends, or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as capital and operating budgets. The Company has not made any changes to its policies and processes for managing capital during the year.

The externally imposed financial covenants on the revolving facility *(Note 18)* continue to be as follows:

(a) Tangible net worth of at least $2.3 billion.

(b) Maximum net total debt (debt less cash) to tangible net worth of 0.75.

(c) Leverage ratio (net total debt/EBITDA) to be less than or equal to 3.5:1.

Not meeting these capital requirements could result in a condition of default by the Company. As at December 31, 2013, the Company has met all of the externally imposed financial covenants.

28 Financial Instruments

(a) Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, trade and other receivables, investments, trade and other payables, long-term debt and derivative assets (liabilities). The carrying values of cash and cash equivalents, trade and other receivables, advances and deposits, trade and other payables approximate their fair values due to the relatively short-term nature of these instruments. Adjustments recognized in the balance sheet relating to concentrate sales are fair valued based on published and observable prices. Fair values of derivatives were based on published and observable market prices for similar instruments and on market closing prices at period end.

There were no material differences between the carrying value and fair value of non-current assets and liabilities. The long-term debt has a carrying value of $1.2 billion (2012 – $765.9 million), which is comprised of a revolving facility and senior debt notes with fair values of $140.3 million and $1,049.5 million, respectively (2012 – $*nil* and $783.0 million). The fair value was calculated 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. Fair values of available-for-sale securities were calculated based on current and available market information.

The Company assesses its financial instruments and non-financial contracts on a regular basis to determine the existence of any embedded derivatives which would be required to be accounted for separately at fair value and to ensure that any embedded derivatives are accounted for in accordance with the Company's policy. As at December 31, 2013, there were no embedded derivatives requiring separate accounting other than concentrate sales.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

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.

Fair Value Measurements at December 31, 2013	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Available-for-sale securities *(Note 13(a))*	$ 9,122	$ -	$ -	$ 9,122
Derivative related assets *(Note 9)*	-	51	-	51
	$ 9,122	51	$ -	$ 9,173
Liabilities:				
Derivative related liabilities *(Note 16)*	$ -	$ 64,060	$ -	$ 64,060
	$ -	$ 64,060	$ -	$ 64,060

Fair Value Measurements at December 31, 2012		Level 1 Input		Level 2 Input		Level 3 Input		Aggregate Fair Value
Assets:								
Available-for-sale securities *(Note 13(a))*	$	20,480	$	-	$	-	$	20,480
Derivative related assets *(Note 9)*		-		4,581		-		4,581
	$	20,480		4,581	$	-	$	25,061
Liabilities:								
Derivative related liabilities *(Note 16)*	$	-	$	27,284	$	-	$	27,284
	$	-	$	27,284	$	-	$	27,284

Valuation Techniques

Available-for-Sale Securities

The fair value of publicly traded available-for-sale securities is determined based on a market approach reflecting the bid price of each particular security at the balance sheet date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, and therefore available-for-sale securities are classified within Level 1 of the fair value hierarchy.

Derivative Instruments

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.

Gold Sales Contracts and Metal Concentrate Sales Contracts

Gold sales are made at market observable spot prices. Metal concentrate sales are based on market prices of measurement dates, which are two or three months after shipment depending on the terms of the off-take agreements. The sales are measured initially and then adjusted monthly on the basis of prices quoted on the London Metal Exchange until measurement date. Therefore, metal concentrate sales would be classified within Level 2 of the fair value hierarchy. The Company continues to monitor and, as warranted, adjust for credit risk based upon the credit default swap spread for each of the counterparties.

Fair value of derivatives

The following table summarizes the fair value of derivative related assets:

As at December 31,		2013		2012
Currency contracts				
Forward contracts *(Note 9)*	$	51	$	4,581
Less: Current portion		(51)		(4,516)
Non-current portion	$	-	$	65

The following table summarizes the fair value of components of derivative related liabilities:

As at December 31,		2013		2012
Currency contracts				
Forward contracts	$	64,060	$	27,284
Total derivative related liabilities *(Note 16)*		64,060		27,284
Less: Current portion		(32,979)		(5,313)
Non-current portion	$	31,081	$	21,971

Additionally, included in cost of sales excluding depletion, depreciation and amortization, are realized losses in the amount of $3.4 million (2012 – $19.2 million realized gains) with respect to currency derivative contracts.

During the year, the Company entered into forward contracts to hedge against the risk of declining copper prices during the quotational period for a portion of its forecast copper concentrate sales. Included in sales are realized gains in the amount of $3.1 million (2012 – $0.03 million realized gains) in respect of commodity derivative contracts.

The hedging reserve net balance as at December 31, 2013 is *negative* $66.1 million (2012 – *negative* $14.7 million), of that the Company estimates that approximately $33.0 million of net gains will be reclassified to earnings over the next twelve months and $31.1 million after twelve months. The total cash flow currency hedge losses in OCI *(Note 21)* for the year ended December 31, 2013 is $51.4 million (2012 – *loss* $14.9 million).

The net financial position of the forward exchange contracts by currency are as follows:

As at December 31,		2013		2012
Forward exchange contracts				
US$ to Brazilian Reais				
Not later than one year	$	(32,928)	$	(975)
Later than one year but not more than five years	$	(31,020)	$	(21,518)
US$ to Mexican Peso				
Not later than one year	$	-	$	178
Later than one year but not more than five years	$	(61)	$	(388)

(b) Currency Risk

The Company's sales are predominantly denominated in United States Dollars. The Company is primarily exposed to currency fluctuations relative to the United States 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 Mexican Peso. 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 thereby the profitability of the Company.

The following table summarizes the details of the currency hedging program as at December 31, 2013:

(Quantities in thousands)	Brazilian Real			Mexican Peso		
Year of Settlement	Brazilian Real Notional Amount	Weighted Average Contract Rate	Market rate as at December 31, 2013	Year of Settlement	Mexican Peso Notional Amount	Contract Fixed Rate	Market rate as at December 31, 2013
2014	483,360	2.0677	2.3621	2014	156,000	13.3200	13.037
2015	519,048	2.2828	2.3621	2015	65,000	13.3200	13.037
	1,002,408	2.1738	2.3621		221,000	13.3200	13.037

The following table outlines the Company's exposure to currency risk and the pre-tax effects on profit or loss and equity at the end of the reporting period of a 10% change in the foreign currency for the foreign currency denominated monetary items. The sensitivity analysis includes cash and cash equivalents and trade payables. A positive number below indicates an increase in profit or equity where the US dollar strengthens 10% against the relevant foreign currency. For a 10% weakening of the US dollar against the relevant foreign currency, there would be a comparable negative impact on the profit or equity.

(On 10% change in United States Dollars exchange rate)	2013 Effect on net earnings before tax	2013 Effect on other comprehensive income, before tax	2012 Effect on net earnings before tax	2012 Effect on other comprehensive income, before tax
Brazilian Reais	$ 591	$ 36,845	$ 2,442	$ 60,383
Argentine Peso	$ 3,469	$ -	$ 2,748	$ -
Canadian Dollar	$ 48	$ -	$ 963	$ -
Mexican Peso	$ 1,254	$ 2,174	$ 1,268	$ 2,674
Chilean Peso	$ 7,634	$ -	$ 8,727	$ -

The sensitivity analyses 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.

(c) Commodity Price Risk

Gold, copper and silver prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the political and economic conditions of major gold, copper and silver-producing countries. The profitability of the Company is directly related to the market price of gold, copper and silver. A decline in the market prices for these precious metals could negatively impact the Company's future operations. The Company has not hedged any of its gold sales.

As the December 31, 2013, the Company's exposure to commodity price is limited to the trade receivables associated with provisional pricing of metal concentrate sales particularly copper. A 10% change in the price of copper has a $5.2 million before tax effect on profit or loss.

(d) Interest Rate Risk

As at December 31, 2013, the majority of the Company's long-term debt was at fixed rates, the Company does not believe that it is exposed to significant interest rate risk.

(e) Credit Risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties, limiting the amount of exposure to each counterparty and monitoring the financial condition of counterparties whilst also establishing policies to ensure liquidity of available funds. In addition, credit risk is further mitigated in specific cases by maintaining the ability to novate contracts from lower quality credit counterparties to those with higher credit ratings.

For cash and cash equivalents, trade and other receivables, derivative related assets, restricted cash, deferred consideration receivable and long-term tax credits, credit risk is represented by the carrying amount on the balance sheet. Cash and cash equivalents are deposited in 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. Long-term tax credits have negligible credit risk as they are receivable from the governmental authorities and are carried at their estimated fair value. 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,	2013	2012
Cash and cash equivalents	$ 220,018	$ 349,594
Trade and other receivables	80,101	175,297
Derivative related assets	51	4,581
Deferred consideration receivable	-	10,000
Long-term tax credits	114,563	209,195
	$ 414,733	$ 748,667

(f) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Under the terms of our trading agreements, counterparties cannot require the Company to immediately settle outstanding derivatives except upon the occurrence of customary events of default. The Company mitigates liquidity risk by spreading the maturity dates of derivatives over time, managing its capital expenditures and operating cash flows and by maintaining adequate lines of credit. In addition, the Company addresses the capital management process as described in *Note 27*. Contractual maturities relating to contractual commitments are included in *Note 32* and relating to long-term debt is included in *Note 18*.

29 Income Taxes

(a) Income Tax Expense

For the years ended December 31,	2013	2012
Current tax expense (recovery)		
Current tax expense in respect of the current year	$ 161,537	$ 269,550
Adjustment for prior periods	(18,092)	2,951
Impact of foreign exchange	(2,534)	(7,098)
Penalties and interest	(326)	48
	$ 140,585	$ 265,451
Deferred tax expense (recovery)		
Deferred tax expense recognized in the current year	$ (135,056)	$ 80,806
Adjustment for prior periods	2,416	(15,297)
Impact of foreign exchange	71,165	42,104
	$ (61,475)	$ 107,613
Total income tax expense	$ 79,110	$ 373,064

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,	2013	2012
Earnings before income taxes	$ (395,241)	$ 815,128
Canadian statutory tax rate (%)	26.5%	26.5%
Expected income tax (recovery) expense	(104,739)	216,009
Impact of lower (higher) foreign tax rates *(i)*	(12,000)	(7,770)
Impact of change in enacted tax rates *(ii)*	28,323	79,057
Interest and penalties	(309)	48
Permanent differences	19,983	6,161
Unused tax losses and tax offsets not recognized in deferred tax assets	89,030	37,844
Unrealized foreign exchange on intercompany debt	(483)	(2,983)
Tax effects of translation in foreign operations	69,114	21,013
True-up of tax provisions in respect of prior years	(15,676)	(11,993)
Withholding taxes	9,559	13,330
Foreign exchange	(14,012)	5,987
Mining taxes on profit	11,709	25,256
Other	(1,389)	(8,895)
Income tax expense	$ 79,110	$ 373,064
Income tax expense is represented by:		
Current income tax expense	$ 140,585	$ 265,451
Deferred income tax expense	(61,475)	107,613
Net income tax expense	$ 79,110	$ 373,064

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

(ii) In December 2013, Mexico enacted the 2014 tax reform package, increasing the tax rate from 2014 onwards, which impacted the deferred income tax recognition.

(b) Deferred Income Taxes

The following is the analysis of the deferred tax assets (liabilities) presented in the consolidated balance sheets:

As at December 31,	2013	2012
The net deferred income tax assets (liabilities) are classified as follows:		
Deferred income tax assets	$ 121,599	$ 124,843
Deferred income tax liabilities	(2,024,541)	(2,072,741)
	$ (1,902,942)	$ (1,947,898)

For the year ended December 31, 2013	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Closing balance
Deductible temporary differences	$ 7,074	$ (14,079)	$ -	$ -	$ (7,005)
Amounts related to tax losses	61,537	(7,281)	-	(105)	54,151
Financing costs	2,153	(3,187)	-	105	(929)
Decommissioning, restoration and similar liabilities	12,004	1,020	-	-	13,024
Derivative liability	(1,185)	7,664	(7,022)	-	(543)
Property, plant and equipment	(2,029,560)	201,275	-	-	(1,828,285)
Unrealized foreign exchange losses	(11,799)	(124,383)	-	-	(136,182)
Available-for-sale securities	11,575	-	-	-	11,575
Other	303	(9,051)	-	-	(8,748)
Net deferred income tax liabilities	$ (1,947,898)	$ 51,978	$ (7,022)	$ -	$ (1,902,942)

For the year ended December 31, 2012	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Closing balance
Deductible temporary differences	$ 3,869	$ 3,205	$ -	$ -	$ 7,074
Amounts related to tax losses	22,250	41,057	-	(1,770)	61,537
Financing costs	383	-	-	1,770	2,153
Decommissioning, restoration and similar liabilities	5,790	6,214	-	-	12,004
Derivative liability	(2,979)	(3,115)	4,909	-	(1,185)
Property, plant and equipment	(1,635,366)	(394,194)	-	-	(2,029,560)
Unrealized foreign exchange losses	(258,301)	246,502	-	-	(11,799)
Available-for-sale securities	11,632	-	(57)	-	11,575
Other	8,659	(8,356)	-	-	303
Net deferred income tax liabilities	$ (1,844,063)	$ (108,687)	$ 4,852	$ -	$ (1,947,898)

A deferred tax asset in the amount of $52.9 million (2012 – $57.7 million) has been recorded based on future taxable profits related to tax planning strategies. Management understands that the tax planning strategies are prudent and feasible.

(c) Unrecognized Deductible Temporary Differences and Unused Tax Losses

Deferred tax assets have not been recognized in respect of the following items:

As at December 31, (in millions)	2013	2012
Deductible temporary differences (no expiry)	$ 512	$ 885
Tax losses	840	770
	$ 1,352	$ 1,655

Loss carry forwards at December 31, 2013 will expire as follows:

	Canada	U.S.	Brazil	Chile	Argentina	Other	Total
2014	$ -	$ 240	$ -	$ -	$ 392	$ -	$ 632
2015	6,947	5,089	-	-	659	-	12,695
2016	6,628	1,634	-	-	700	-	8,962
2017	-	12,383	-	-	5,460	-	17,843
2018	-	-	-	-	7,807	190	7,997
2019 and onwards	352,810	122,157	-	-	-	105,017	579,984
Unlimited	242,394	-	224,545	57,364	-	-	524,303
	$ 608,779	$ 141,503	$ 224,545	$ 57,364	$ 15,018	$ 105,207	$1,152,416

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

As at December 31, 2013, an aggregate temporary difference of $1.6 billion (2012 – $1.6 billion) related to investments in subsidiaries was not recognized because the Company controls the reversal of the liability and it is expected that it will not reverse in the foreseeable future.

30 Supplementary Cash Flow Information

(a) Non-Cash Investing and Financing Transactions

For the years ended December 31,	2013	2012
Interest capitalized to assets under construction	$ 48,531	$ 30,328
Issue of common shares on vesting of RSU *(Note 22)*	$ 15,197	$ 9,923
Transfer of equity reserve on exercise of stock options and share purchase appreciation rights	$ 35	$ 2,387
Issue of common shares and deferred consideration on acquisition of mineral interests *(Note 6)*	$ -	$ 93,888
Fair value of stock option assumed *(Note 6)*	$ -	$ 3,584

(b) Net Change in Non-Cash Operating Working Capital

For the years ended December 31,	2013	2012
Net decrease (increase) in:		
Trade and other receivables	$ 114,018	$ 44,449
Inventories	(44,539)	(77,347)
Other assets	(22,824)	(6,226)
Net (decrease) increase in:		
Trade payable and other payables	(75,108)	141,554
Other current liabilities	(25,660)	16,532
Movement in above related to foreign exchange	(613)	(5,851)
Net change in non-cash working capital	$ (54,726)	$ 113,111

Change in non-cash working capital items are net of items related to Property, Plant and Equipment.

31 Operating Segments

The Company's primary format for reporting segment information is geographical segments, which are supplemented by information of individual mining operations. The Company performs its planning, decision making, cash flow management and other management activities on such segment structure and relies on a management team with its members positioned in the geographical regions where the Company's key mining operations are located. In determining the Company's segment structure, consideration is given to the similar operational, currency and political risks to which the mining operations within the same business and regulatory environment are exposed. Except for the Canada and Other segment, each mine within a segment derives its revenues mainly from the sales of precious metals through specific channels and processes as coordinated and managed by the corresponding regional management group.

Effective February 1, 2012, the Mercedes mine completed commissioning upon achieving sustainable levels of operations based on the Company's qualitative and quantitative factors. At the completion of commissioning, all mining properties and assets under construction related to Mercedes were reclassified to mining property subject to depletion and land, building, plant and equipment, and its financial results were incorporated into the consolidated financial results. This event changed the composition of the Company's reportable segments such that Mexico is now a reportable segment on its own. The Canada segment became "Canada and Other".

Property, plant and equipment referred to below consist of land, buildings, equipment, mining properties subject to depletion and mining properties not subject to depletion which include assets under construction and exploration and evaluation costs.

As at December 31, 2013	Brazil	Chile	Argentina	Mexico	Canada and Other	Total
Property, plant and equipment	$ 2,516,130	$ 4,636,149	$ 2,762,127	$ 266,255	$ 80,140	$10,260,801
Goodwill and intangibles	$ 5,382	$ 15,576	$ 1,497	$ -	$ 43,093	$ 65,548
Investment in associate	$ -	$ -	$ 117,915	$ -	$ -	$ 117,915
Non-current assets	$ 2,595,600	$ 4,702,089	$ 2,936,992	$ 266,255	$ 191,318	$10,692,254
Total assets	$ 2,924,014	$ 4,815,142	$ 3,052,501	$ 316,174	$ 302,886	$11,410,717
Total liabilities	$ 599,023	$ 1,300,652	$ 885,850	$ 67,658	$ 1,399,429	$ 4,252,612

As at December 31, 2012	Brazil	Chile	Argentina	Mexico	Canada and Other	Total
Property, plant and equipment	$ 2,323,658	$ 4,793,576	$ 2,849,323	$ 270,718	$ 38,796	$10,276,071
Goodwill and intangibles	$ 60,568	$ 14,413	$ -	$ -	$ 23,533	$ 98,514
Investment in associate	$ -	$ -	$ 219,744	$ -	$ -	$ 219,744
Non-current assets	$ 2,485,746	$ 4,824,565	$ 3,131,177	$ 270,718	$ 163,804	$10,876,010
Total assets	$ 2,882,388	$ 4,711,383	$ 3,231,213	$ 581,250	$ 393,929	$11,800,163
Total liabilities	$ 612,628	$ 1,330,384	$ 922,770	$ 36,333	$ 1,036,170	$ 3,938,285

Segment Operating Earnings

For the year ended December 31, 2013	Brazil	Chile	Argentina	Mexico	Canada and Other	Total
Revenues *(i)*	$ 598,109	$ -	$ -	$ -	$ 1,244,573	$ 1,842,682
Inter-segment revenue	104,534	796,113	145,681	198,245	(1,244,573)	-
Total segment revenue	702,643	796,113	145,681	198,245	-	1,842,682
Cost of sales excluding depletion, depreciation and amortization	(415,320)	(328,569)	(81,904)	(74,996)	-	(900,789)
Gross margin	287,323	467,544	63,777	123,249	-	941,893
Depletion, depreciation and amortization	(108,331)	(203,094)	(56,945)	(32,745)	-	(401,115)
Mine operating earnings/(loss)	$ 178,992	$ 264,450	$ 6,832	$ 90,504	$ -	$ 540,778
Equity loss	$ -	$ -	$ (3,905)	$ -	$ -	$ (3,905)
Earnings/(loss) before taxes *(ii)*	$ (36,164)	$ 32,148	$ (267,499)	$ 74,823	$ (198,549)	$ (395,241)
Income tax (expense)/recovery	(94,660)	(29,656)	83,012	(35,245)	(2,561)	(79,110)
Net (loss)/earnings	$ (130,824)	$ 2,492	$ (184,487)	$ 39,578	$ (201,110)	$ (474,351)
Capital expenditures	$ 536,696	$ 217,572	$ 201,009	$ 51,258	$ 40,991	$ 1,047,526

(i) Revenues are derived from sales of gold of $1.3 billion (2012 – $1.6 billion) and to a lesser extent silver of $196.1 million (2012 – $273.5 million) and copper of $357.5 million (2012 – $473.3 million).

(ii) During the fourth quarter of 2013, the Company recognized impairment charges on mineral properties and goodwill *(Notes 4, 11, 12 and 14)* in Brazil totaling $230.0 million (including $55.0 goodwill), Chile $190.9 million, and Argentina $251.0 million. During the second quarter of 2013, a $10.3 million impairment charge was recognized in Mexico.

For the year ended December 31, 2012	Brazil	Chile	Argentina	Mexico	Canada and Other	Total
Revenues	$ 787,041	$ -	$ -	$ -	$ 1,549,721	$ 2,336,762
Inter-segment revenue	192,830	924,295	233,576	199,020	(1,549,721)	-
Total segment revenue	979,871	924,295	233,576	199,020	-	2,336,762
Cost of sales excluding depletion, depreciation and amortization	(410,534)	(285,371)	(74,588)	(61,261)	-	(831,754)
Gross margin	569,337	638,924	158,988	137,759	-	1,505,008
Depletion, depreciation and amortization	(104,716)	(204,448)	(52,644)	(21,930)	-	(383,738)
Mine operating earnings	$ 464,621	$ 434,476	$ 106,344	$ 115,829	$ -	$ 1,121,270
Equity earnings	$ -	$ -	$ 50,642	$ -	$ -	$ 50,642
Earnings before taxes	$ 384,470	$ 385,904	$ 139,429	$ 66,703	$ (161,378)	$ 815,128
Income tax expense	(144,964)	(168,311)	(44,579)	(25,018)	9,808	(373,064)
Net earnings/(loss)	$ 239,506	$ 217,593	$ 94,850	$ 41,685	$ (151,570)	$ 442,064
Capital expenditures	$ 636,398	$ 262,816	$ 532,408	$ 59,576	$ 46,796	$ 1,537,994

32 Contractual Commitments

Construction and Service Contracts

As at December 31,	2013	2012
Within 1 year	$ 577,886	$ 370,664
Between 1 to 3 years	390,258	323,468
Between 3 to 5 years	139,756	63,560
After 5 years	6,934	8,823
	$ 1,114,834	$ 766,515

Operating Leases

The aggregate amount of minimum lease payments under non-cancellable operating leases are as follows:

As at December 31,	2013	2012
Within 1 year	$ 6,103	$ 6,005
Between 1 to 3 years	6,997	7,358
Between 3 to 5 years	2,365	3,603
After 5 years	302	947
	$ 15,767	$ 17,913

33 Contingencies

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the Consolidated Financial Statements of the Company.

In 2004, a former director of Northern Orion commenced proceedings in Argentina against Northern Orion claiming damages in the amount of $177.0 million for alleged breaches of agreements entered into with the plaintiff. The plaintiff alleged that the agreements entitled him to a pre-emption right to participate in acquisitions by Northern Orion in Argentina and claimed damages in connection with the acquisition by Northern Orion of its 12.5% equity interest in the Alumbrera project. On August 22, 2008, the National Commercial Court No. 13 of the City of Buenos Aires issued a first-instance judgment rejecting the claim. The plaintiff appealed this judgment to the National Commercial Appeals Court. On May 22, 2013, the appellate court overturned the first-instance decision. The appellate court determined that the plaintiff was entitled to make 50% of Northern Orion's investment in the Alumbrera acquisition, although weighted the chance of the plaintiff's 50% participation at 15%. The matter was remanded to the first instance court to determine the value. On June 12, 2013, Northern Orion filed an extraordinary recourse with the appellate court in order to bring the matter before the Supreme Court for considering the National Commercial Appeals Court's decision to be arbitrary. The extraordinary recourse was denied by the appellate court and this decision was notified to Northern Orion on December 20, 2013. Based on this decision, Northern Orion filed an appeal directly with the Supreme Court of Argentina on February 3, 2014. Pending the decision of the Supreme Court, Northern Orion will make submissions to the first instance court to address value. The outcome of this case is uncertain and cannot be reasonably estimated.

The Company has received assessments from the Brazilian federal tax authorities disallowing certain deductions relating to debentures for the periods 2007-2010. The Company believes these debentures were issued on commercial terms permitted under applicable laws and is challenging these assessments. As such, the Company does not believe it is probable that any amounts will be paid with respect to these assessments with the Brazilian authorities and the amount and timing of any assessments cannot be reasonably estimated.

34 Related Parties

(a) Parent and Significant Subsidiaries

The consolidated financial statements include the financial statements of Yamana Gold Inc. (Parent) and the following significant subsidiaries:

Equity interest	Country of incorporation	2013	2012
Minera Meridian Ltda.	Chile	100%	100%
Minera Florida Ltda.	Chile	100%	100%
Minas Argentinas SA	Argentina	100%	100%
Minera Meridian Minerales SRLCV	Mexico	100%	100%
Jacobina Mineração e Comércio Ltda.	Brazil	100%	100%
Mineração Maracá Industria e Comércio S.A.	Brazil	100%	100%
Mineração Fazenda Brasileiro S.A.	Brazil	100%	100%

(b) Compensation of Key Management Personnel

The Company considers key management personnel to be those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

For the years ended December 31,	2013	2012
Salaries	$ 18,257	$ 22,110
Share-based payments (i)	19,772	19,168
Other benefits	3,668	4,123
	$ 41,697	$ 45,401

(i) Refer to *Note 22* for further disclosures on share-based payments.

****

Mineral Resources (Measured, Indicated and Inferred)

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)	Total Measured & Indicated Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Inferred Mineral Resources Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Amancaya	-	-	-	-	-	-	-	-	-	1,390	7.90	351
Arco Sul	-	-	-	-	-	-	-	-	-	5,000	4.02	646
C1 Santa Luz	3,243	1.00	104	8,436	1.38	374	11,679	1.27	478	13,562	2.49	1,086
Chapada	22,636	0.21	155	233,129	0.26	1,949	255,765	0.26	2,104	155,236	0.18	913
Cerro Moro	-	-	-	1,777	2.14	122	1,777	2.14	122	3,559	1.90	220
El Peñón	923	12.30	365	2,467	6.37	505	3,390	7.98	870	5,704	6.83	1,252
Ernesto/Pau a Pique	-	-	-	4,232	2.38	324	4,232	2.38	324	1,610	3.04	157
Fazenda Brasileiro	-	-	-	2,034	1.77	116	2,034	1.77	116	6,131	3.10	611
Gualcamayo	11,342	1.00	365	83,429	1.01	2,711	94,771	1.01	3,076	30,366	2.08	2,029
Jacobina	14,380	2.26	1,044	19,558	2.50	1,570	33,938	2.40	2,614	15,849	3.11	1,584
Jeronimo (57%)	772	3.77	94	385	3.69	46	1,157	3.74	139	1,118	4.49	161
La Pepa	15,750	0.61	308	133,682	0.57	2,452	149,432	0.57	2,760	37,900	0.50	620
Lavra Velha	-	-	-	-	-	-	-	-	-	3,934	4.29	543
Mercedes	173	4.62	26	3,412	3.02	331	3,585	3.10	357	3,310	3.89	414
Minera Florida	1,905	5.97	366	2,480	4.92	393	4,385	5.38	759	5,008	5.63	907
Pilar	-	-	-	1,894	4.44	270	1,894	4.44	270	12,665	4.12	1,676
Suyai	-	-	-	4,700	15.00	2,286	4,700	15.00	2,286	900	9.90	274
Total Gold Mineral Resources	71,124	1.24	2,827	501,615	0.83	13,449	572,739	0.88	16,275	303,242	1.38	13,444
Agua Rica	27,081	0.14	120	173,917	0.14	776	200,998	0.14	896	642,110	0.12	2,444

Silver	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Amancaya	-	-	-	-	-	-	-	-	-	1,390	73.0	3,270
Chapada	-	-	-	82,161	1.4	3,775	82,161	1.4	3,775	27,553	1.1	982
Cerro Moro	-	-	-	1,777	201.0	11,488	1,777	201.1	11,488	3,559	116.0	13,297
El Peñón	923	319.4	9,478	2,467	184.8	14,652	3,390	221.4	24,130	5,704	290.2	53,231
Mercedes	173	49.2	273	3,412	37.2	4,078	3,585	37.7	4,351	3,310	36.2	3,843
Minera Florida	1,905	38.6	2,367	2,480	26.2	2,092	4,385	31.6	4,459	5,008	37.4	6,023
Suyai	-	-	-	4,700	23.0	3,523	4,700	23.0	3,523	900	21.0	575
Total Silver Mineral Resources	3,001	125.6	12,118	96,997	12.7	39,608	99,998	16.1	51,726	47,424	53.3	81,221
Agua Rica	27,081	2.3	2,042	173,917	2.9	16,158	200,998	2.8	18,200	642,110	2.3	48,124

Copper	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Chapada	22,636	0.17	84	150,968	0.24	790	173,604	0.23	874	127,683	0.26	731
Total Copper Mineral Resources	22,636	0.17	84	150,968	0.24	790	173,604	0.23	874	127,683	0.26	731
Agua Rica	27,081	0.45	266	173,917	0.38	1,447	200,998	0.39	1,714	642,110	0.34	4,853

Zinc	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Minera Florida	1,905	1.63	68	2,480	1.74	95	4,385	1.69	164	5,008	1.62	179
Total Zinc Mineral Resources	1,905	1.63	68	2,480	1.74	95	4,385	1.69	164	5,008	1.62	179

Molybdenum	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Agua Rica	27,081	0.049	29	173,917	0.037	142	200,998	0.039	172	642,110	0.034	480
Total Moly Mineral Resources	27,081	0.049	29	173,917	0.037	142	200,998	0.039	172	642,110	0.034	480

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 & Probable Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Alumbrera (12.5%)	22,188	0.35	250	625	0.21	4	22,813	0.34	254
Chapada	167,243	0.22	1,157	312,600	0.27	2,675	479,843	0.25	3,832
C1 Santa Luz	16,284	1.64	856	10,402	1.46	489	26,686	1.57	1,345
Cerro Morro	-	-	-	1,954	11.38	715	1,954	11.38	715
El Peñón	1,433	8.58	395	9,035	5.39	1,566	10,468	5.83	1,961
Ernesto/Pau a Pique	182	3.68	21	4,529	3.47	505	4,711	3.47	526
Fazenda Brasileiro	1,790	2.46	142	373	2.13	26	2,163	2.42	168
Gualcamayo	3,792	1.42	173	28,425	1.32	1,202	32,217	1.33	1,375
Jacobina	3,974	2.08	266	19,989	2.94	1,891	23,963	2.80	2,157
Jeronimo (57%)	6,350	3.91	798	2,331	3.79	284	8,681	3.88	1,082
Mercedes	963	4.48	139	4,635	4.74	706	5,598	4.69	845
Minera Florida Ore	1,953	3.93	247	1,729	4.56	253	3,682	4.22	500
Minera Florida Tailings	4,433	0.86	123	-	-	-	4,433	0.86	123
Total Minera Florida	6,386	1.80	370	1,729	4.56	253	8,115	2.39	623
Pilar	-	-	-	10,811	4.03	1,402	10,811	4.03	1,402
Total Gold Mineral Reserves	230,585	0.62	4,567	407,438	0.89	11,718	638,023	0.79	16,285
Agua Rica	384,871	0.25	3,080	524,055	0.21	3,479	908,926	0.22	6,559

Silver	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Cerro Moro	-	-	-	1,954	648.3	40,723	1,954	648.3	40,723
El Peñón	1,433	223.3	10,285	9,035	186.5	54,171	10,468	191.5	64,456
Mercedes	963	57.7	1,786	4,635	44.5	6,633	5,598	46.8	8,419
Minera Florida Ore	1,953	17.6	1,107	1,729	22.8	1,267	3,682	20.1	2,374
Minera Florida Tailings	4,433	12.6	1,790	-	-	-	4,433	12.6	1,790
Total Minera Florida	6,386	14.1	2,897	1,729	22.8	1,267	8,115	16.0	4,164
Total Silver Mineral Reserves	8,782	53.0	14,968	17,353	184.2	102,794	26,135	140.1	117,762
Agua Rica	384,871	3.7	46,176	524,055	3.3	56,070	908,926	3.5	102,246

Copper	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Alumbrera (12.5%)	22,188	0.35	171	625	0.26	4	22,813	0.35	175
Chapada	167,243	0.28	1,024	253,700	0.29	1,625	420,943	0.29	2,649
Total Copper Mineral Reserves	189,431	0.29	1,195	254,325	0.29	1,629	443,756	0.29	2,824
Agua Rica	384,871	0.56	4,779	524,055	0.43	5,011	908,926	0.49	9,790

Zinc	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Minera Florida	6,386	0.87	122	1,729	1.42	54	8,115	0.98	176
Total Zinc Mineral Reserves	6,386	0.87	122	1,729	1.42	54	8,115	0.98	176

Molybdenum	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Alumbrera (12.5%)	22,188	0.012	6.1	625	0.014	0.2	22,813	0.012	6
Total Moly Mineral Reserves	22,188	0.012	6.1	625	0.014	0.2	22,813	0.012	6
Agua Rica	384,871	0.033	279	524,055	0.030	350	908,926	0.031	629

Mineral Reserve and Mineral Resource Reporting Notes

1. Metal Prices and Cut-off Grades:

Mine	Mineral Reserves	Mineral Resources
Alumbrera (12.5%)	$1,300 Au, $2.95 Cu, $10.00 Mo and 0.22% CuEq	N/A
Amancaya	N/A	1.0 g/t Aueq OP , 3.4 g/tAueq UG
Arco Sul	N/A	2.5 g/t Au cut-off
Caiamar	N/A	1.5 g/t Au cut-off
Chapada	$950 Au, $2.80 Cu, $4.80 average cut-off, 1.25 Revenue Factor for Main Pit	$1500 Au, $3.5 Cu and $3.5 NSR cut-off out of pit for Chapada Mine (Main Pit, CorpoSul and Corpo NE)
	$950 Au, $2.80 Cu, $4.80 average cut-off, 1.00 Revenue Factor for Corpo Sul	
	$900 Au; 0.2 g/t Au cut-off for oxide ore and 0.3 g/t Au cut-off for sulphide ore in Suruca Gold Project	0.2 g/t Au cut-off for oxide and 0.3 g/t Au cut-off for sulphide in Suruca Gold Project
C1-Santa Luz	$950 Au for C1 with 0.7 g/t Au cut-off, Antas 2, $950 Au for Antas 3 with 0.5 g/t Au cut-off and $750 Au Mansinha and Mari; 0.50 g/t Au cut-off	0.5 g/t Au cut-off for C1 Ore(Antas 2, Antas 3, Mansinha, Mari, Alvo 36, VG14 and Serra Branca) and 1.5 g/t Au cut-off for C1 Underground high grade ore
Cerro Moro	$950 Au and $18.00 Ag, Open pit cut-off at 3.4 g/t Aueq and Underground cut-off at 6.2 g/t Aueq	1.0 g/t Aueq cut-off
El Peñón	$950 Au, $18.00 Ag, Variable cut-off for Underground and 1.2 g/t Aueq cut-off for Open Pit	3.9 g/t Aueq cut-off
Ernesto/Pau a Pique	$950 Au, 1.5 g/t UG, OP cut-off 1.06 g/t Au for Ernesto and 1.0 g/t Au cut-off for Lavrinha and 0.63 g/t Au for Satellite s NM	0.5 g/t Au cut-off for Ernesto, 1.0 g/t Au for Lavrinha, 0.63 g/t Au for Satellites NM an1.0 g/t Au for Pau a Pique
Fazenda Brasileiro	$950 Au, 2.14 g/t Au UG and 0.75 g/t Au OP cut-off	0.5 g/t cut-off UG and 0.25g/t Au OP cut-off
Gualcamayo	$950 Au: 1.00 g/t AuCut-off UG: cut-offs for OP, 0.20 g/t Au for QDD Upper and 0.5 g/t Au for AIM	1.00 g/t AuCut-off UG: cut-offs for OP, 0.20 g/t Au for QDD Upper and 0.5 g/t Au for AIM
Jacobina	$950 Au; 1.45 g/t Au cut-off	0.5 g/t Au cut-off UG, 1.5 g/t Au cutoff for Pindobacu
Jeronimo	$900 Au, 2.0 g/t Au cut-off	2.0 g/t Au cut-off
La Pepa	N/A	$780 Au, 0.30 g/tAu cut-off
Lavra Velha	N/A	$1300 Au, $3.5Cu and 0.2g/t Au, 0.1% Cu cut-offs
Mercedes	$950 Au, $18.00 Ag, 2.9 g/t Aueq	2.0 g/t Aueq cut-off for Mercedes and 0.4 g/t Aueq cut-off for Rey de Oro
Minera Florida	$950 Au, $18.00 Ag, $1 lb Zn, 2.80 g/t Aueq cut-off and Florida tailings cut-off N/A	2.22 g/t Aueq cut-off
Pilar	$950 Au; 2.0 g/t Au cut-off	2.0 g/t Au cut-off
Suyai	N/A	5.0 g/t Au cut-off
Agua Rica	$1,000 Au, $2.25 lb Cu, $17.00 g/t Ag, $12.00 lb Mo	0.2% Cu cut-off

2. All Mineral Reserves and Mineral Resources have been calculated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and NI 43-101, other than the estimates for the Alumbrera mine which have been calculated 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, 2013.

6. For the qualified persons responsible for the Mineral Reserve and Mineral Resource estimates, see the qualified persons chart below.

Property	Qualified Persons for Mineral Reserves	Qualified Persons for Mineral Resources
Alumbrera	Julio Bruna Novillo, AusIMM, Member of CIM, Independent Consulting Geologist	Julio Bruna Novillo, AusIMM, Member of CIM, Independent Consulting Geologist
Amancaya	Not applicable	Chester M. Moore, P.Eng., Roscoe Postle Associates Inc.
Arco Sul	Not applicable	Emerson Ricardo Re, MSc, MAusIMM, Registered Member of Chilean Mining Commission, Corporate Manager R&R, Yamana Gold Inc.
C-1 Santa Luz	Emerson Ricardo Re, MSc, MAusIMM, Registered Member of Chilean Mining Commission, Corporate Manager R&R, Yamana Gold Inc.	Emerson Ricardo Re, MSc, MAusIMM, Registered Member of Chilean Mining Commission, Corporate Manager R&R, Yamana Gold Inc.
Chapada	Robert Michaud, P.Eng., Roscoe Postle Associates Inc.	Wayne Valliant, P.Geo, Roscoe Postle Associates Inc.
Cerro Moro	Carlos Guzman, Mining Eng., Registered Member of Chilean Mining Commission, FAusIMM, Principal and Project Director, NCL Ingenieria y Construccion SpA	David (Ted) Coupland, BSc DipGeoSc CFSG ASIA MAusIMM (CP) MMICA, Director, Geological Consulting, Principal Geostatistician Cube Consulting Pty Ltd. -and- Marcos Valencia A. P.Geo., Registered Member of Chilean Mining Commission, Corporate Manager R&R, Andes/Mexico, Yamana Gold Inc.
El Peñón	Carlos Bottinelli Otárola, P. Eng. Registered Member of Chilean Mining Commission, Development Manager, Yamana Gold Inc.	Max Iribarren Parra, P. Geo., Registered Member of Chilean Mining Commission, Resources Geologist, Yamana Gold Inc. -and- Sebastián Ramírez Cuadra, P. Geo., Registered Member of Chilean Mining Commission, Resources Geologist, Yamana Gold Inc.
Ernesto/ Pau-a -Pique	Emerson Ricardo Re, MSc, MAusIMM, Registered Member of Chilean Mining Commission, Corporate Manager R&R, Yamana Gold Inc. For Lavrinha and Ernesto Pit 1 -and- Marcelo Antonio Batelochi, P.Geo., MAusIMM (CP), Geologist Consultant For Satellites (Nosde, Japones and Pombinhas) -and- Ricardo Miranda Díaz, P.Eng., Registered Member of Chilean Mining Commission, Corporate Technical Manager, Yamana Gold Inc. For Pau a Pique -and- Peter Mokos, B. Eng. (Mining), Dip. Eng. (Mining), MAusIMM (CP), RPEQ, Principal Mining Engineer, AMC Consultants Pty. Ltd. For Ernesto Pit 2	Emerson Ricardo Re, MSc, MAusIMM, Registered Member of Chilean Mining Commission, Corporate Manager R&R, Yamana Gold Inc. For Pau a Pique and Lavrinha -and- Marcelo Antonio Batelochi, P.Geo., MAusIMM (CP), Geologist Consultant For Satellites (Nosde, Japones and Pombinhas) -and- Rodney Webster, B.Sc..(Applied Geology), MAusIMM, MAIG, Principal Geologist, AMC Consultants Pty. Ltd. For Ernesto (Pits 1 and 2)
Fazenda Brasileiro	Emerson Ricardo Re, MSc, MAusIMM, Registered Member of Chilean Mining Commission, Corporate Manager R&R, Yamana Gold Inc.	Emerson Ricardo Re, MSc, MAusIMM, Registered Member of Chilean Mining Commission, Corporate Manager R&R, Yamana Gold Inc.
Gualcamayo	Ricardo Miranda Díaz, P.Eng., Registered Member of Chilean Mining Commission, Corporate Technical Manager, Yamana Gold Inc.	Marcos Valencia A. P.Geo., Registered Member of Chilean Mining Commission, Corporate Manager R&R, Andes/Mexico, Yamana Gold Inc.
Jacobina	Normand Lecuyer, B.Sc., P.Eng., Roscoe Postle Associates Inc.	Chester M. Moore, P.Eng., Roscoe Postle Associates Inc.
Jeronimo	Guillermo Bagioli Arce, MAusIMM, Registered Member of Chilean Mining Commission, Metálica Consultores S.A.	Dominique François-Bongarçon, Ph.D, FAusIMM, Agoratek International
La Pepa	Not applicable	Chester M. Moore, P.Eng., Roscoe Postle Associates Inc.
Lavera Velha	Not applicable	Marcelo Antonio Batelochi, P.Geo., MAusIMM (CP), Geologist Consultant
Mercedes	Dennis Bergen, P.Eng., Roscoe Postle Associates Inc.	Chester M. Moore, P.Eng., Roscoe Postle Associates Inc.
Minera Florida	Carlos Bottinelli Otárola, P. Eng. Registered Member of Chilean Mining Commission, Development Manager, Yamana Gold Inc.	Javier Suazo Guzmán., P.Geo., Registered Member of the Chilean Mining Commission, Resources Geologist, Yamana Gold Inc. -and- Dafne Herreros Van Norden, P.Geo., Registered Member of Chilean Mining Commission, Resources Geologist, Yamana Gold Inc.
Pilar	Guillermo Bagioli, MAusIMM, Registered Member of Chilean Mining Commission, Metalica Consultores S.A. For Jordino -and- Emerson Ricardo Re, MSc, MAusIMM, Registered Member of Chilean Mining Commission, Corporate Manager R&R, Yamana Gold Inc. For Jordino Extension	Marco Antonio Alfaro Sironvalle, P.Eng., Ph.D. Eng., MAusIMM, Registered Member of Chilean Mining Commission For Jordino -and- Emerson Ricardo Re, MSc, MAusIMM, Registered Member of Chilean Mining Commission, Corporate Manager R&R, Yamana Gold Inc. For Jordino Down Dip, Tres Buracos, HG and Ogo Extension and Maria Lazara
Suyai	Not applicable	Robin J. Young, P. Geo., Western Services Engineering, Inc.
Agua Rica	Enrique Munoz Gonzalez, MAusIMM, Registered Member of Chilean Mining Commission	Evandro Cintra, Ph.D., P. Geo., Vice President, Operational Planning and Support, Yamana Gold Inc.

Corporate Governance & Committees of The Board

Corporate Governance

Yamana and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that Yamana's business and affairs are effectively managed so as to enhance shareholder value.

The Company's corporate governance practices have been designed to be in compliance with applicable Canadian, United States and United Kingdom legal requirements and best practices. The Company continues to monitor developments in Canada, the United States, and the United Kingdom with a view to keeping its governance policies and practices current.

Although, as a regulatory matter, the majority of the corporate governance listing standards of the New York Stock Exchange are not applicable to the Company, Yamana has corporate governance practices that comply with such standards.

Code of Conduct

The Board has adopted a Code of Conduct (the "Code") for its directors, officers and employees. 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 and employees 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

Peter Marrone*
Chairman and Chief Executive Officer,
Yamana Gold Inc.

Patrick Mars (1)(2)(3)
Lead Director, Yamana Gold Inc.,
Company Director

John Begeman (1)(4)
Company Director

Alex Davidson (2)(4)
Company Director

Richard Graff (1)
Company Director

Nigel Lees (2)
President and Chief Executive Officer,
SAGE Gold Inc.

Juvenal Mesquita (3)
Company Director

Carl Renzoni (1)(3)
Company Director

Antenor Silva
Vice Chairman,
MBAC Fertilizer Corp.

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
Chairman and Chief Executive Officer

Ludovico Costa
President and Chief Operating Officer

Charles Main
Executive Vice President,
Finance and Chief Financial Officer

Darcy Marud
Executive Vice President,
Enterprise Strategy

Greg McKnight
Senior Vice President,
Business Development

Sofia Tsakos
Senior Vice President, General
Counsel and Corporate Secretary

Richard Campbell
Senior Vice President,
Human Resources

William H. Wulftange
Senior Vice President, Exploration

Evandro Cintra
Vice President,
Operational Planning & Support

Lisa Doddridge
Vice President, Corporate
Communications and Investor
Relations

Gerardo Fernandez
Vice President, Country Manager,
Chile and Mexico

Jason LeBlanc
Vice President, Finance and Treasurer

Ana Lucia Martins
Vice President, Safety, Health,
Environment and Community

Trevor Mulroney
Vice President, Operations, Argentina

Nelson Munhoz
Vice President, Co-Country Manager,
Brazil – Operations

Patrick Portmann
Vice President,
Corporate Development

Arão Portugal
Vice President, Co-Country Manager,
Brazil – Administration

David Radu
Vice President,
Information Technology

Betty Soares
Vice President, Corporate Controller
and Chief Accounting Officer

Ricardo Solovera
Vice President, Operations,
Chile and Mexico

Hernan Vera
Vice President, Country Manager,
Argentina

Mark Bennett
Assistant Corporate Secretary

Shareholder Information

Share Listings

Toronto Stock Exchange: YRI
New York Stock Exchange: AUY

Capitalization *(as at December 31, 2013)*

Common Shares (basic): 753.3 million
Common Shares (fully diluted): 756.0 million
Options: 2.7 million

2013 Common Share Trading Information

Stock Exchange	Ticker	Closing price	High	Low	Average Daily Volume
TSX	YRI-T	C$9.16	C$17.96	C$8.96	3,073,136
NYSE	AUY	US$8.62	US$18.11	US$8.41	1,408,887

Dividends

Yamana currently pays a quarterly dividend of US $0.0375 per share

2013 Dividend Schedule		Anticipated 2014 Dividend Schedule	
Record Date	Payment Date	Record Date	Payment Date
March 28, 2013	April 11, 2013	March 31, 2014	April 14, 2014
June 28, 2013	July 12, 2013	June 30, 2014	July 14, 2014
September 30, 2013	October 11, 2013	September 30, 2014	October 14, 2014
December 31, 2013	January 14, 2014	December 31, 2014	January 14, 2015

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 CST Trust Company at www.canstockta.com/electronicdelivery

Transfer Agent

For information regarding shareholdings, dividends, certificates, change of address, electronic delivery, or exchange of share certificates due to an acquisition please contact:

Canadian Stock Transfer
P.O. Box 700
Station B
Montreal, QC
H3B 3K3
1-800-387-0825 (toll free in North America)
416-682-3860 (outside North America)
Email: inquiries@canstockta.com
www.canstockta.com

Investor Contact

For additional financial information, industry developments, latest news and corporate updates:

Phone: 416-815-0220
Email: investor@yamana.com
Website: www.yamana.com

Auditors

Deloitte LLP

Legal Counsel

Cassels, Brock & Blackwell LLP
Paul, Weiss, Rifkind, Wharton & Garrison LLP

Executive Offices

200 Bay Street
Royal Bank Plaza, North Tower
Suite 2200
Toronto, Ontario
M5J 2J3
Phone: 416-815-0220
Fax: 416-815-0021

Rua Funchal
Rua Doutor Geraldo de Campos Moreira, 240
4º andar – Edifício River Park
São Paulo/SP – Brazil
04571-020
Phone: +55 11 2163 8300
Fax: +55 11 2163 8324

Annual General Meeting

Wednesday, April 30, 2014
11:00 a.m. Eastern DST

Design Exchange
234 Bay Street
Toronto Dominion Centre
Toronto, Ontario, Canada

Concept & Design: TPR Design
Typesetting & Pre-Press Production: Mary Acsai
Printing: Merrill Corporation Canada

Portrait Photography: Zanetti Photography

Printed in Canada