



YAMANAGOLD



04	Execution on Strategy & Plan
06	Message from our Chairman & CEO
14	Sustainable Development
16	Operations
23	Mineral Reserves
24	Mineral Resources
31	2015 Financial Review
175	Corporate Governance
176	Corporate Information
177	Shareholder Information

2015 was a transition year in which we solidified our organization, improved our operations, established better project evaluation practices, advanced our development projects, and improved our balance sheet.





By focusing on operational execution, we delivered 2015 production within guidance and positioned ourselves for continuing operational performance in 2016 and future years.

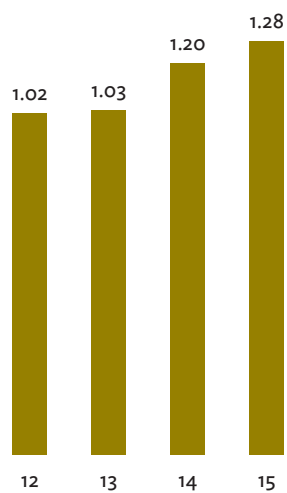


2015 Execution on Strategy & Plan

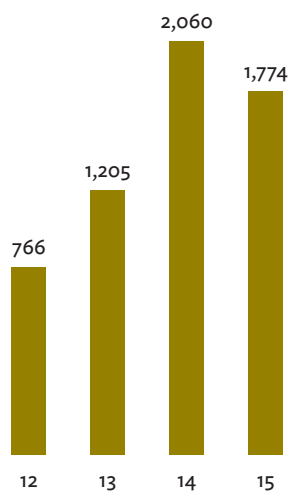
- ☀ Streamlined organizational structure
- ☀ Improved mine plans and delivered production at reasonable and improving costs
- ☀ Improved balance sheet
- ☀ Recalibrated balance sheet
- ☀ Recalibrated mineral reserves and mineral resources



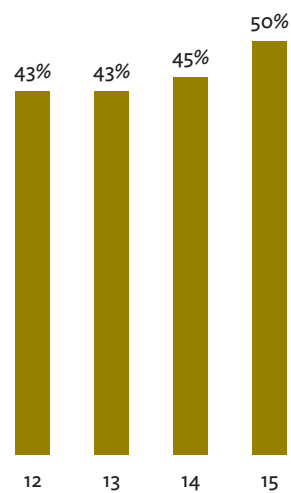
Ounces of Gold Production ⁽¹⁾
(Millions)



Total Debt Outstanding



% of Gold Production from Cornerstone Mines ^(2,3)



(1) Does not include silver or copper production, both of which generate significant contributions to cash flow.

(2) Canadian Malartic purchased in June 2014.

(3) Cornerstone mines, including Chapada, El Peñón and Canadian Malartic, generated 61% of revenue and 65% of operating cash flow in 2015.

2015 Message

We believe the current environment is supportive for gold prices.

We are ardent supporters that gold price has found a bottom and that there is a significant opportunity for upside based on current geopolitical and macroeconomic events. These events include the risk to worldwide economic growth, worldwide economic imbalances, inflation risk and the increasing prevalence of low and negative interest rates.



PETER MARRONE **CHAIRMAN & CEO**

We spent most of 2015 repositioning our company with a focus on the entrenchment of efficiencies and cost mitigation.

These types of systemic challenges to the global economy have historically set the backdrop for positive movements in the price of gold and we believe we are again in a positive gold price environment. This will certainly be positive to our cash flow although it will serve to amplify the cash flow multiplier effect in an environment of low costs, particularly if efforts are undertaken to entrench those low costs.

We spent most of 2015 repositioning our company with a focus on the entrenchment of efficiencies and cost mitigation. It was a transition year for us across a selection of areas. We took several deliberate steps to move forward more prudently and confidently into 2016 and the years to follow while also continuing to deliver quality production.

I am pleased to report that we were largely successful in these efforts and are better positioned to meet our growth objectives for production at low costs, and thereby secure our position as a significant cash flow generator in our industry in the years to come.

Our repositioning efforts consisted of the following five components, which I will discuss separately in more detail: we streamlined our organizational structure; we improved our mine plans; we improved our balance sheet; we recalibrated our balance sheet; and we recalibrated our mineral reserves and mineral resources. I will deal with each of these in turn.

Streamlined Organizational Structure

In 2015, we built on achievements of prior years to improve efficiency and we created a more

streamlined organizational structure. More specifically, we enhanced management and management bench strength over the course of 2015 to augment the changes begun in 2014.

We improved health, safety, and sustainable development oversight to complement our enhanced operational and tactical oversight. We further built up our technical services division, a division with erratic past performance, which is now managed from Toronto and better integrated into how we manage and advance projects. We achieved these management enhancements through a blend of promoting from within and bringing in new talent for our operations from outside the company.

We created an Executive Vice President structure and promoted from within into these positions to harvest experience in exploration, business development, and operations through common oversight. This structure prepared us for quality advancement internally in our finance group and to address a challenge for any mining enterprise, which is the proper and efficient transition from exploration to development to operations. We demonstrated internal promotion and succession with thought-through succession plans.

Our organizational structure is also now even better aligned with our portfolio. We created three semi-autonomous operational divisions in Northern Operations, Southern Operations, and Brio Gold Operations which are under common corporate oversight. This structure allows management to focus on core and cornerstone assets without overlooking smaller assets with significant leverage to gold price.

We further rationalized our general and administrative expenses and consolidated our

offices. The most notable change in this regard was the closure of our São Paulo office. These efforts have reduced our general and administrative expenses to levels last seen before the start of this decade. All of this is expected to result in the cash portion of our general and administrative expenses declining to \$85 million, which is down from a peak of approximately \$123 million a few years ago, and part of the continuation of a trend of year-over-year reductions that goes back to 2012.

Finally, we aligned our key performance indicators at a mine level and all the way up to corporate executive level to better reflect performance and pay. This allows us to better align pay, including executive pay, with performance. We undertook, and continue with, a shareholder engagement process to ensure executive incentives are aligned with shareholders. Through this process we've been listening to shareholders and it reflects a change in philosophy overall to better align costs to current realities and circumstances.

Improved Mine Plans

Improving our organizational structure is a means to an end, and that end remains delivering operational performance through the production of higher quality ounces. In 2015, we improved our mine plans and were able to deliver annual production within guidance at approximately 1.2 million ounces of gold, 9 million ounces of silver and 131 million pounds of copper, which was above our guidance. I would like to highlight that 2015 gold production continued a trend that goes back a number of years of increasing year-over-year production. We use a portfolio approach to management of our assets which allows weak performance at an asset to be offset by strong performance at other assets. However, we seek to improve the performance of all of our assets. In 2015,

In 2015, we improved our mine plans and were able to deliver annual production within guidance at approximately 1.2 million ounces of gold, 9 million ounces of silver and 131 million pounds of copper, which was above our guidance.

we delivered strong performance across our portfolio including record annual gold production at Canadian Malartic, Gualcamayo and Minera Florida. We delivered strong performance in production and cash flow at other mines including Chapada, El Peñón and Jacobina. We also delivered superlative production and cash flow from smaller mines that were more challenged earlier on and, of course, in that regard I refer to Pilar in particular.

Consolidated gold production was delivered at lower all-in sustaining cash costs year-over-year with these costs amongst the lowest in the industry which is particularly true for our cornerstone mines of Chapada, El Peñón and Canadian Malartic. Overall, cash costs were \$596 per ounce of gold for 2015 and are expected to decline further in 2016 to the low \$500s, and all-in sustaining cash costs were \$840 per gold ounce also expected to decline in 2016 to below \$800 per ounce.

Again, we have established a trend of delivering each ounce of gold at lower all-in sustaining cash costs year-over-year for the past couple of years. We are confident we are positioned to continue this trend in 2016.

This operational performance is noteworthy since we were able to deliver operational execution broadly according to plan while advancing efforts to reposition the Company for future successes. We did this by improving our mineral resource models and mine plans. This gives us more confidence in operational performance and achieving targets. We have been focusing on exploration, development, and operations for cash flow generation and increases in cash flow, which has us well positioned in relation to our guidance and expectations for 2016.

Improved Balance Sheet

In 2015, we also improved our balance sheet. We completed an equity financing and a streaming deal which strengthened our balance sheet significantly. The proceeds from these transactions contributed to a reduction to our debt plus working capital position of \$350 million over the course of 2015. This improvement included a net debt reduction of approximately \$215 million and over \$50 million in repayments of other financial liabilities.

The Brio Gold initiative facilitated significant operational improvements across the Brio Gold asset portfolio, and also the broader Yamana portfolio, and we advanced certain monetization alternatives in this respect during 2015.

We continue to target reducing the balance owing on our revolving credit facility to zero and made significant progress to that end during 2015. At year-end, the outstanding balance on this facility was \$186 million, which when combined with the modest debt repayments scheduled over the next two years demonstrates the strength of our balance sheet. Our debt maturities have been deliberately planned to match up with our portfolio. In particular, the planned development of Cerro Moro coincides with a period of lower levels of debt maturities and, beginning in 2018 when the mine will begin production, our cash flow will see a disproportionate contribution from Cerro Moro which will further strengthen our balance sheet.

Monetization efforts of non-core assets are also positioned as potential catalysts to reduce debt and increase cash balances further. The Brio Gold initiative facilitated significant operational improvements across the Brio Gold asset portfolio, and also the broader Yamana portfolio, and we advanced certain monetization alternatives in this respect during 2015. We have been clear and consistent in our views that any monetization event

needs to properly balance reasonable value and expediency. We concluded that the values on offer late in 2015 did not represent this balance and that the Brio Gold assets were of more value in the portfolio than the values on offer at that time. As we enter 2016, we are focussed on how these assets contribute to internal value as compared to the originally planned monetization efforts.

Looking forward, we are targeting a debt reduction of \$300 million over the course of the next few years. We expect to normalize our net debt to EBITDA ratio at between 1.5 to 2.0 times. While gold price will bear on the means we take, we plan to do this organically by combining production and production growth, on the one hand, and cost improvements, on the other hand. Planned production and cash flow growth has us well positioned to manage debt repayments over the short, medium and long term.

Recalibrated Balance Sheet

In addition to improving our balance sheet, we also sought to recalibrate our balance sheet to more fully reflect market realities and, as such, we took

impairment on the book values of several assets. The impairment reflects a change in our long-term metal price assumption and a change into IFRS Accounting Standards from Canadian GAAP, since certain acquisitions were completed years ago. This impairment was largely driven by the decline in the value for our exploration properties. As we compared exploration concessions within our portfolio to the value of exploration companies, which have declined significantly, we concluded that the value of our exploration concessions needed to reflect this reduction in market value.

The new book values better and more fully reflect market realities and continue to be in line with or above consensus net asset values.

The recalibration will improve our depreciation, depletion and amortization by approximately \$100 million in 2016, and it is worth noting that under IFRS we will be required to evaluate book values from time to time and, if circumstances warrant, consider reversals.

The important takeaway is that after the impairment, we still have a net book value of \$8.2 billion or over \$5.10 on a per share basis. The book value of this company, even after impairments, is still significant and does not fully reflect the full net asset value potential in the company, particularly at such mines as Chapada and Canadian Malartic.

Recalibrated Mineral Reserves and Mineral Resources

As part of our efforts, we recalibrated our mineral reserves and mineral resources. Our updated mineral reserve and mineral resource estimate ties into our improved mine plans and the resulting increase in operational predictability. Our mineral

reserves declined year-over-year with the largest decrease at our Pilar mine and C1 Santa Luz project. Decreases at these two assets were the result of a re-categorization of mineral reserves back into mineral resources. We expect that a significant portion of these mineral resources will be upgraded back to mineral reserves based on work planned for 2016. Despite last year's decline, we still have a significant mineral reserve inventory with approximately 15.9 million ounces of gold, 98 million ounces of silver and 3.1 million pounds of copper.

This large mineral reserve inventory is complemented by a significant mineral resource base. We plan to build on mineral reserves in part by targeting the upgrading of mineral resources to mineral reserves, which is consistent with our established history of mineral resource conversion across our portfolio. Going forward there is considerable exploration potential at our cornerstone mines with Sucupira at Chapada, our El Peñón efforts, and Odyssey at Canadian Malartic. We also see potential at other mines and assets, including Jacobina's improving new discoveries, Gualcamayo's Deep Carbonates project, and our efforts at Minera Florida. Exploration efforts at these and other areas will also result in additional mineral reserves and mineral resources.

We are also seeing considerable potential at some of our earlier stage projects in Canada, most notably the advancing exploration assets Kirkland Lake and Monument Bay.

Discoveries at these properties in addition to Sucupira, a new discovery at Chapada, contributed to a 1.3 million ounces increase in inferred mineral resources to approximately 15.2 million ounces of gold.

Taken as a whole, we are poised to reduce costs and increase production resulting in robust generation of cash flow in an environment with significant metal price upside as well as potential for added benefit from continued United States dollar strength.

Looking Forward

I opened this letter by highlighting that 2015 was a repositioning and transition year, and how these efforts have positioned Yamana to deliver value for shareholders in 2016 and the years to come. The steps we took were part of a deliberate plan to better position ourselves for the future and I would like to take the opportunity to outline how these changes have begun to generate returns and how we expect them to continue to pay off over the course of the coming years.

Our continued success at reducing costs year-over-year and positioning the portfolio to deliver further cost reductions in 2016 are the means to an end. That end remains the generation of cash flow and our view is that cost reductions can in effect be a cash flow multiplier, particularly in a higher gold price environment. For example, applying the approximate cost reduction per ounce of gold we are expecting in 2016 over 2015 to our planned production of approximately 1.3 million ounces is the equivalent of generating cash flow from an

additional core mine. You have heard me say in the past that we are focused on generating sufficient cash flow to sustain and grow our business. Reducing costs is one of the levers available to increase cash flow. It is a testament to the quality of our portfolio that we have the ability to improve costs as a way to deliver order of magnitude increases to cash flow. We are positioned to deliver quality production in 2016, which is to say, delivering cost improvements while increasing production.

We cannot conclude a discussion about 2015 without commenting on the political environment in the jurisdictions in which we operate. We believe we should focus on mining friendly jurisdictions with established protocols for mining. In particular, I would like to comment on Argentina, which late last year held Presidential and other elections that were seen as offering a different, perhaps better, approach to industry and investment. On the geopolitical and socioeconomic front, we are seeing positive, pro-business approaches being introduced, including removal of export taxes, movements in the exchange rate to better reflect

underlying fundamentals, and, more broadly, support for mining and recognition of the potential value mining can bring to the country. It is in this context that we have advanced our Cerro Moro project with a planned ramp up of construction activities in 2016 towards a start of production in 2018 as previously noted.

I raised the movement in the Argentine peso, and more generally want to highlight that we have significant leverage to foreign exchange rates given that a large part of our cost structure is locally denominated in the countries in which we operate. It is important to note that despite the declining United States dollar gold price over the course of 2015, the local currency gold price actually stayed fairly constant or even increased in the regions in which we operate. In all cases the declining gold price was more than offset by the devaluation of foreign currencies to which we are exposed. In 2015, we were hampered by a historical hedge in Brazil, which had added value for a number of years but muted the impact of the depreciation of the Brazilian real in 2015. That hedge expired before year-end and we are now in the position to fully benefit from this improvement to our cost structure. More generally, we believe we are now in a period of continuing weaknesses in local currencies with stable to increasing gold prices, all of which will positively impact our cash flow.

Taken as a whole, we are poised to reduce costs and increase production resulting in robust generation of cash flow in an environment with significant metal price upside as well as potential for added benefit from continued United States dollar strength. Our objective for many years has been to sustain and ultimately increase cash flow, and our repositioning efforts in 2015 have positioned us to do exactly that in the years to come.

On a personal note, I would like to thank all Yamana employees for their dedication and commitment throughout the challenging process of repositioning our company which coincided with continued volatility and challenges in the broader gold market.

We have stated the goal of being a leader in our industry and the substantial achievements in 2015 position us to be exactly that in 2016 and going forward.

“Peter Marrone”

PETER MARRONE
CHAIRMAN & CEO



Sustainable Development

Concern for our people and their families, communities, and environment is integrated into how we at Yamana operate.

In 2015, we restructured our health, safety, communities and environment functions to ensure alignment with our portfolio and to enhance executive leadership in these critical areas. As part of this realignment, we more clearly stated our objectives and are continuously improving how we integrate these targets into our mining operations. Our vision is zero harm to our employees, our communities and our environment. This approach explicitly recognizes the risks inherent in mining and the need to develop approaches that aim to mitigate these risks.

A more fulsome discussion of Yamana's 2015 corporate social responsibility program will be contained in our 2015 Sustainability Report, to be published in mid-2016.



2015 Health, Safety, Environment & Communities Highlights

- Named one of the *Best 50 Corporate Citizens in Canada* by Corporate Knights Magazine for the 5th consecutive year
- Remained one of Sustainalytics' *Jantzi Social Index JSI Top 60* sustainable companies
- Maintained certification of ISO 14001, OHSAS 18000 and the International Cyanide Management Code Standards at all our operations*
- Recorded zero environment or community incidents across all operations*
- Named the 2015 Mining Company of the Year by the mining and sustainability non-profit organization Fundamin in Argentina
- Awarded the national Health and Safety prize for large-sized companies by the Chilean Safety Association at our El Peñón operation

* Does not include our 50% owned Canadian Malartic mine, which employs a separate system designed to integrate both ISO and OHSAS.

Operations

Yamana operates its mines and projects in three distinct, semi-autonomous divisions under common corporate oversight: Northern Operations, which includes, among other earlier stage projects, Canadian Malartic and Mercedes; Southern Operations, which includes, among other earlier stage projects, Chapada, El Peñón, Gualcamayo, Minera Florida and Jacobina; and Brio Gold, which includes Pilar, Fazenda Brasileiro, C1 Santa Luz and Riacho dos Machados.⁽¹⁾ Within this structure, Yamana considers its three largest cash flow contributors as Cornerstone Mines.

Cornerstone Mines

Chapada is an open pit gold-copper mine, located northwest of Brasília in Goiás state, Brazil. It continues to deliver its solid performance and is a cornerstone of Yamana's portfolio. Chapada's low cost operations make it a significant contributor to cash flow.

Chapada produced approximately 119,000 ounces of gold and 131 million pounds of copper in 2015, and implemented a number of cost savings initiatives, which help drive cash costs lower year-over-year. Costs are expected to continue to decrease in 2016 as a retrofit of the flotation circuit is expected to be completed in the second quarter. In 2015, mineral reserves at Chapada increased from the previous year, demonstrating continued efficiency of its exploration programs. Ongoing

exploration success, including the discoveries of Corpo Sul, Santa Cruz, and Sucupira, suggests potential for a much larger mineralized district at Chapada than originally indicated.

In 2016, Chapada is expected to produce between 116,000 to 122,000 ounces of gold, 270,000 to 278,000 ounces of silver, and 122 to 125 million pounds of copper.

⁽¹⁾ The agreement to acquire Riacho dos Machados was entered into subsequent to year-end.



El Peñón is a high grade gold-silver underground mine located approximately 160 kilometres southeast of Antofagasta in northern Chile. The operation began production in 1999 and has an established history of exploration success.

El Peñón produced over 227,000 ounces of gold and approximately 7.7 million ounces of silver in 2015. Production in the middle of the year reflected mining in areas with more erratic grades while fourth quarter production resumed at a normalized level, which is expected to continue through 2016 and positions the operation to improve costs. In addition to focusing on improving efficiency and reducing costs, exploration continues to be a focus

at El Peñón with the objectives of increasing mine life and quickly bringing near mine discoveries to production.

In 2016, El Peñón is expected to produce between 235,000 to 250,000 ounces of gold and 5.8 to 6.0 million ounces of silver.

Canadian Malartic is an open pit gold mine, located in the Abitibi region of Quebec. It began production in 2011 and is one of Canada's largest gold mines.

Jointly acquired by Yamana (50%) and our partner Agnico Eagle Mines Limited (50%) in 2014, Canadian Malartic added another cornerstone operation to our portfolio and provided a lower-risk entry into a world-class mining jurisdiction.

Canadian Malartic delivered record annual production in 2015 of over 285,000 ounces of gold at a cash cost under \$600 per ounce. The focus at Canadian Malartic continued to be on operational refinements and opportunities for optimization to generate further value from this long life asset, and

these efforts are expected to continue in 2016. In the medium term, the target remains to sustainably achieve nameplate throughput levels of 55,000 tonnes per day. In addition, the Odyssey zone and near pit/underground opportunities, will be further evaluated as these have the potential to provide new sources of ore for the mill, showing the continued potential of this asset.

In 2016, Canadian Malartic is expected to produce between 280,000 and 290,000 ounces of gold.

Other Mines

Gualcamayo is an open pit, underground mine using heap leach processing in the province of San Juan, Argentina. In 2015, Gualcamayo exceeded production expectations with over 180,000 ounces of gold as production benefitted from increased throughput and the completion of the expansion of the Adsorption and Desorption plant. The Deep Carbonate project, a potential large scale bulk tonnage underground operation beneath the current QDD pit limits and with current estimates of more than 1.1 million ounces of recoverable gold, continued to advance during the year. In 2016, Gualcamayo is expected to produce between 150,000 to 165,000 ounces of gold as further optimization initiatives are pursued.

Jacobina is a complex of underground gold mines located in Bahia state, Brazil. In 2015, Jacobina produced approximately 97,000 ounces of gold, a 28% increase over the previous year at 27% lower cash costs. The focus at Jacobina continues to be improvement initiatives to achieve and sustain higher grades. Future production is expected to continue to increase as dilution control, productivity and cost reductions are pursued. In 2016, Jacobina is expected to produce between 110,000 to 115,000 ounces of gold.

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 2015, Minera Florida delivered record annual gold production of over 112,000 ounces and silver production of approximately 661,000 ounces. Increased gold production exceeded expectations and was the result of higher throughput and grades. In 2016, Minera Florida is expected to produce between 110,000 to 115,000 ounces of gold and 500,000 to 530,000 ounces of silver.

Mercedes is an underground gold-silver mine located in the state of Sonora, Mexico. In 2015, Mercedes produced over 84,000 ounces of gold and approximately 383,000 ounces of silver. 2015 was a transition year as the operation changed mining methods in order to increase productivity, improve efficiencies and decrease dilution. The momentum from these operational improvements have continued into early 2016 and, in 2016, Mercedes is expected to produce between 85,000 to 90,000 ounces of gold and 345,000 to 365,000 ounces of silver as cost control initiatives are pursued.

Other Mines (continued)

Pilar is an underground gold mine located in Goiás state, Brazil. In 2015, Pilar delivered over 83,000 ounces of gold as significant operational improvements were achieved, including higher recoveries and throughput, and the start of production contribution from the Maria Lazarus satellite deposit. At full production Maria Lazarus is expected to contribute approximately 25,000 ounces of gold per year, supporting a longer term expected increase to approximately 100,000 ounces of gold per year at Pilar. In 2016, Pilar is expected to produce between 85,000 to 90,000 ounces of gold.

Fazenda Brasileiro is an underground gold mine located in Bahia state, Brazil that has been in operation for over three decades with a proven track record of replacing mineral reserves and extending mine life. In 2015, gold production was approximately 61,000 ounces. The exploration program continued to return successful results as the E388 East zone was discovered in 2015 and was already contributing higher grade material to production by year-end. Mineral reserves increased by nearly 250,000 ounces by year-end, which supports the potential to continue extending mine life at this operation. In 2016, Fazenda Brasileiro is expected to produce between 63,000 to 68,000 ounces of gold.

C1 Santa Luz is located in Bahia state, Brazil and is a previously producing open pit gold mine currently on care and maintenance. During 2015, a modified process flowsheet was identified and a detailed metallurgical testwork program was completed with the results of this work incorporated into a Preliminary Economic Assessment. Drilling at C1 Santa Luz continues and results support the potential for significant conversion of mineral resources to mineral reserves, with an updated estimate expected mid-2016. Pending the final evaluation of modifications, targeted annual production at C1 Santa Luz is approximately 100,000 ounces of gold.*

Riacho dos Machados (“RDM”)

Subsequent to year-end, Brio Gold entered into an agreement to acquire the RDM gold mine in Minas Gerais state, Brazil. RDM is a producing open pit mine with annual production capacity of approximately 100,000 ounces of gold at an estimated average all-in sustaining cash cost of less than \$800 per ounce. It has at least a seven year mine life based on current mineral reserves. Further potential exists to increase production, reduce costs and expand current mineral resources and mineral reserves.

* A decision will be made to implement these modifications once a review is completed mid-2016. Following this review it will be decided when such modifications would be implemented. Various alternatives to fund the modifications are being considered with a preference given to self funding options that rely on cash flow generated by mines in the Brio Gold division.

Development Project

Cerro Moro is a gold-silver development project located in the Santa Cruz province of Argentina. The property contains a number of high grade epithermal gold and silver veins, which are expected to be mined by a combination of open pit and underground mining. The formal decision to proceed with construction was made in early 2015 and the initial production date was updated in the third quarter of 2015 to target a start date by the end of the first quarter of 2018. For the first three years of production, annual production at Cerro Moro is expected to be 150,000 ounces of gold and 7.2 million ounces of silver.

Over the course of 2015, detailed engineering for the 1,000 tonne per day processing plant advanced as well as upgrading and extending the site access road, the conclusion of the locked-cycle metallurgical test work program, the placement of orders for various long-lead time items and the continuation of the first stage of the construction camp. Life of mine average annual production is expected to be 130,000 ounces gold and 6.4 million ounces of silver over an initial 6 year mine life based on existing mineral reserves only. The Cerro Moro project offers significant opportunities for the conversion of mineral resources into mineral reserves and for further discoveries on the property.

Exploration

Exploration is the lifeblood of mining through the discovery of new ounces and we continue to focus on being ever more efficient in our exploration efforts. In 2015, we spent approximately \$86 million with a focus on those ounces with the greatest potential to most quickly generate cash flow and on infill drilling to upgrade existing inferred mineral resources. Highlights from the 2015 exploration program include:

- Chapada's mineral reserves increased and resources at recently discovered Sucupira were classified as inferred mineral resources
- El Peñón's exploration program identified several new vein structures near current mine infrastructure with the potential to be quickly developed for production
- Canadian Malartic's exploration program advanced drilling at the Odyssey deposit as it transitioned to definition drilling by year-end with the goal of reclassifying the mineralization to inferred mineral resources during 2016

- Jacobina's definition and infill drilling program increased mine development to approximately 6 months of planned production
- Fazenda Brasileiro's mineral reserves increased by 170% to the equivalent of seven years of mine life, and the E388 zone, discovered in 2015, began contributing to production by year-end
- Kirkland Lake is an exploration district with several opportunities, some of which that are advancing toward evaluation for development, and continued to add value by returning assays with significant high grade results
- Monument Bay's mineral resource base expanded to 1.8 million ounces of indicated mineral resources and 1.8 million ounces of inferred mineral resources

In 2016, we will build on the exploration success achieved in 2015 by continuing to focus on those opportunities with the greatest demonstrated potential, those that can unlock further value from our portfolio.

Mineral Reserves (Proven and Probable)

	Proven Mineral Reserves			Probable Mineral Reserves			Total Proven & Probable		
Gold	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Projects									
Alumbrera (12.5%)	3,125	0.35	35	63	0.29	1	3,188	0.35	36
Canadian Malartic (50%)	27,446	0.97	860	83,320	1.12	3,002	110,766	1.08	3,863
Cerro Moro	-	-	-	1,954	11.38	715	1,954	11.38	715
Chapada	263,900	0.20	1,738	315,621	0.23	2,380	579,521	0.22	4,118
El Peñón	805	7.05	183	8,288	4.78	1,273	9,093	4.98	1,456
Gualcamayo	11,284	1.32	479	14,446	1.05	488	25,730	1.17	967
Jacobina	2,689	2.03	176	19,042	2.97	1,819	21,731	2.86	1,995
Jeronimo (57%)	6,350	3.91	798	2,331	3.79	284	8,681	3.87	1,082
Mercedes	415	6.07	81	1,976	3.97	252	2,390	4.33	333
Minera Florida Ore	744	4.01	96	3,480	3.72	416	4,224	3.77	512
Minera Florida Tailings	2,982	0.88	84	-	-	-	2,982	0.88	84
Total Minera Florida	3,727	1.50	180	3,480	3.72	416	7,206	2.57	596
Yamana Total Gold Mineral Reserves	319,741	0.44	4,529	450,520	0.73	10,630	770,261	0.61	15,159
Brio Gold Projects									
C1 Santa Luz	-	-	-	-	-	-	-	-	-
Fazenda Brasileiro	4,599	1.94	286	1,897	1.74	106	6,496	1.88	392
Pilar	390	4.09	51	3,916	2.31	291	4,306	2.47	342
Brio – Total Gold Mineral Reserves	4,989	2.10	337	5,813	2.12	397	10,802	2.11	734
Yamana Gold + Brio Gold Projects									
Total Gold Reserves	324,730	0.47	4,866	456,333	0.75	11,027	781,063	0.63	15,893
Agua Rica	384,871	0.25	3,080	524,055	0.21	3,479	908,926	0.22	6,559
Silver	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Projects									
Cerro Moro	-	-	-	1,954	648.3	40,723	1,954	648.3	40,723
El Peñón	805	159.1	4,117	8,288	171.3	45,647	9,093	170.2	49,765
Mercedes	415	60.2	803	1,976	46.4	2,947	2,390	48.8	3,750
Minera Florida Ore	744	27.4	655	3,480	17.7	1,984	4,224	19.4	2,638
Minera Florida Tailings	2,982	12.7	1,221	-	-	-	2,982	12.7	1,221
Total Minera Florida	3,727	15.7	1,876	3,480	17.7	1,984	7,206	16.7	3,860
Yamana Total Silver Mineral Reserves	4,946	42.7	6,796	15,697	180.9	91,301	20,644	147.8	98,098
Agua Rica	384,871	3.7	46,176	524,055	3.3	56,070	908,926	3.5	102,246
Copper	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects									
Alumbrera (12.5%)	3,125	0.37	26	63	0.27	0.4	3,188	0.37	26
Chapada	263,900	0.27	1,555	256,751	0.26	1,478	520,651	0.26	3,033
Yamana Total Copper Mineral Reserves	267,025	0.27	1,581	256,814	0.26	1,478	523,839	0.26	3,059
Agua Rica	384,871	0.56	4,779	524,055	0.43	5,011	908,926	0.49	9,790
Zinc	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects									
Minera Florida Ore	744	1.63	27	3,480	1.66	127	4,224	1.65	154
Minera Florida Tailings	2,982	0.64	42	-	-	-	2,982	0.64	42
Total Zinc Mineral Reserves	3,727	0.84	69	3,480	1.66	127	7,206	1.23	196
Molybdenum	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects									
Alumbrera (12.5%)	3,125	0.012	0.80	63	0.012	0.02	3,188	0.012	0.82
Yamana Total Moly Mineral Reserves	3,125	0.012	0.80	63	0.012	0.02	3,188	0.012	0.82
Agua Rica	384,871	0.033	279	524,055	0.030	350	908,926	0.031	629

Mineral Resources (Measured, Indicated and Inferred)

	Measured Mineral Resources			Indicated Mineral Resources		
	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Gold						
Yamana Gold Projects						
Alumbrera (12.5%)	10,250	0.30	99	563	0.22	4
Amalgamated Kirkland (50%)	-	-	-	634	6.51	133
Arco Sul	-	-	-	-	-	-
Canadian Malartic (50%)	1,752	1.32	74	11,079	1.55	550
Cerro Moro	-	-	-	3,321	2.23	238
Chapada	22,209	0.23	164	225,531	0.26	1,873
El Peñón	858	10.55	291	2,876	6.64	614
Gualcamayo	66,130	1.01	2,150	53,110	1.35	2,301
Hammond Reef (50%)	82,831	0.70	1,862	21,377	0.57	388
Jacobina	13,931	2.26	1,013	19,153	2.54	1,562
Jeronimo (57%)	772	3.77	94	385	3.69	46
La Pepa	15,750	0.61	308	133,682	0.57	2,452
Lavra Velha	-	-	-	-	-	-
Mercedes	583	5.53	104	4,379	3.08	433
Minera Florida	1,179	6.11	231	3,912	5.05	636
Monument Bay	-	-	-	36,581	1.52	1,787
Suyai	-	-	-	4,700	15.00	2,286
Upper Beaver (50%)	-	-	-	4,403	6.36	900
Yamana Total Gold Mineral Resources	216,244	0.92	6,390	525,687	0.96	16,204
Brio Gold Projects						
C1 Santa Luz	-	-	-	31,809	1.62	1,657
Fazenda Brasileiro	1,539	3.86	191	372	3.15	38
Pilar	266	5.07	43	3,715	2.65	316
Brio Total Gold Mineral Resources	1,805	4.04	234	35,896	1.74	2,011
Yamana Gold + Brio Gold Projects						
Total Gold Resources	218,050	0.94	6,625	561,583	1.01	18,215
Agua Rica	27,081	0.14	120	173,917	0.14	776
Silver						
Yamana Gold Projects						
Cerro Moro	-	-	-	3,321	190.3	20,313
Chapada	-	-	-	82,161	1.4	3,775
El Peñón	858	287.0	7,913	2,876	206.2	19,069
Mercedes	583	65.6	1,229	4,379	32.6	4,588
Minera Florida	1,179	45.2	1,713	3,912	25.7	3,238
Suyai	-	-	-	4,700	23.0	3,523
Yamana Total Silver Mineral Resources	2,619	128.9	10,855	101,349	16.7	54,507
Agua Rica	27,081	2.3	2,042	173,917	2.9	16,158

Totals may not add due to rounding

NOTE: Mineral Resources are exclusive of Mineral Reserves

Total Measured & Indicated			Inferred Mineral Resources		
Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
<hr/>					
10,813	0.30	103	125	0.22	1
634	6.52	133	1,187	5.32	203
-	-	-	5,000	4.02	646
12,831	1.51	625	4,494	1.47	213
3,321	2.23	238	4,427	1.96	279
247,740	0.26	2,037	133,118	0.23	972
3,733	7.54	905	6,729	7.02	1,519
119,240	1.16	4,451	21,582	2.22	1,543
104,208	0.67	2,251	251	0.72	6
33,084	2.42	2,575	15,359	3.14	1,549
1,157	3.74	139	1,118	4.49	161
149,432	0.57	2,760	37,900	0.50	620
-	-	-	3,934	4.29	543
4,961	3.36	537	2,157	3.45	239
5,091	5.30	867	5,281	5.50	933
36,581	1.52	1,787	41,946	1.32	1,781
4,700	15.00	2,286	900	9.90	274
4,403	6.36	900	3,450	5.93	658
741,931	0.95	22,593	288,958	1.31	12,141
<hr/>					
31,809	1.62	1,657	12,328	2.38	943
1,912	3.72	229	1,573	1.81	91
3,981	2.81	360	18,668	3.40	2,041
37,701	1.85	2,246	32,569	2.94	3,075
<hr/>					
779,632	0.99	24,839	321,527	1.47	15,216
<hr/>					
200,998	0.14	896	642,110	0.12	2,444
<hr/>					
Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
<hr/>					
3,321	190.3	20,313	4,427	101.3	14,415
82,161	1.4	3,775	27,553	1.1	982
3,733	224.8	26,982	6,729	268.4	58,073
4,961	36.5	5,817	2,157	28.9	2,001
5,091	30.3	4,952	5,281	29.7	5,050
4,700	23.0	3,523	900	21.0	575
103,968	19.6	65,362	47,046	53.6	81,096
200,998	2.8	18,200	642,110	2.3	48,124

	Measured Mineral Resources			Indicated Mineral Resources		
	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Copper						
Yamana Gold Projects						
Alumbrera (12.5%)	10,250	0.31	70	563	0.25	3
Chapada	14,383	0.22	69	143,369	0.24	769
Upper Beaver (50%)	-	-	-	4,403	0.36	34
Yamana Total Copper Mineral Resources	24,633	0.26	139	148,335	0.25	807
Agua Rica	27,081	0.45	266	173,917	0.38	1,447
Zinc						
Yamana Gold Projects						
Minera Florida	1,179	2.07	54	3,912	1.60	138
Total Zinc Mineral Resources	1,179	2.07	54	3,912	1.60	138
Molybdenum						
Yamana Gold Projects						
Alumbrera (12.5%)	10,250	0.012	2.73	563	0.014	0.17
Yamana Total Moly Mineral Resources	10,250	0.012	2.73	563	0.014	0.17
Agua Rica	27,081	0.049	29	173,917	0.037	142

Totals may not add due to rounding

NOTE: Mineral Resources are exclusive of Mineral Reserves

Total Measured & Indicated			Inferred Mineral Resources		
Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
10,813	0.31	73	125	0.23	1
157,752	0.24	838	105,565	0.29	678
4,403	0.36	34	3,450	0.42	32
172,968	0.25	946	109,140	0.30	711
200,998	0.39	1,714	642,110	0.34	4,853
Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
5,091	1.71	192	5,281	1.48	173
5,091	1.71	192	5,281	1.48	173
Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
10,813	0.012	2.90	125	0.014	0.04
10,813	0.012	2.90	125	0.014	0.04
200,998	0.039	172	642,110	0.034	480

2015 Mineral Reserves and Mineral Resource Reporting Notes

1. Metal Price, Cut-off Grade

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Projects		
Amalgamated Kirkland (50%)	N/A	\$1,200 Au, cutoff grade at 2.5 g/t Au
Alumbrera (12.5%)	\$1,095 Au, \$2.54 Cu, \$5.87 Mo. Open pit cutoff at 0.22% CuEq. Metallurgical recoveries are 83% for Cu and 71% for Au.	0.22% Cueq within economic envelope
Arco Sul	N/A	2.5 g/t Au cutoff
Canadian Malartic (50%)	\$1,150 Au, Cutoff grades range from 0.345 to 0.351 g/t Au. Metallurgical recoveries for Au range from 82% to 90% dependent on zone.	\$1,150 Au, Cutoff grades range from 0.34 to 0.40 g/t Au inside pits and 1.0 g/t Au below Open pit
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. Metallurgical recoveries are 95% for Au and 93% for Ag.	1.0 g/t Aueq cut-off
Chapada	\$1,150 Au, \$3.00 Cu, \$18.00 Ag; \$5.17 NSR cut-off (Main Pit, Corpo Sul and Cava Norte) \$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 Metallurgical recoveries for Cu are 83% and Au ranges from 52% to 85% dependent on zone.	\$1,500 Au, \$3.50 Cu and \$5.17 NSR cut-off out of pit for Chapada Mine (Main Pit, Corpo Sul, Cava Norte and Corpo NE) 0.2 g/t Au cut-off for oxide and 0.3 g/t Au cut-off for sulphide in Suruca Gold Project
El Peñón	\$1,150 Au, \$18.00 Ag, Variable cut-off for Underground and 1.2 g/t Aueq cut-off for Open Pit Metallurgical recoveries for Au ranges from 82% to 97% and Ag ranges from 56% to 95% dependent on zone.	3.9 g/t Aueq cut-off
Gualcamayo	\$1,150 Au: 1.49 g/t Au Cut-off UG: cut-offs for OP, 0.32 g/t Au for QDD Upper and 0.52 g/t Au for AIM Metallurgical recoveries for Au open pit ore range from 40% to 63% and 63% for Au underground ore.	1.00 g/t Au Cut-off UG: cut-offs for OP, 0.20 g/t Au for QDD Upper and 0.5 g/t Au for AIM
Hammond Reef (50%)	N/A	\$1,400 Au, Open pit cutoff 0.32 g/t Au West Pit and 0.34 g/t Au East Pit
Jacobina	\$950 Au; 1.45 g/t Au cut-off. Metallurgical recovery for Au is 94%.	0.5 g/t Au cut-off UG, 1.5 g/t Au cutoff for Pindobacu
Jeronimo (57%)	\$900 Au, 2.0 g/t Au cut-off Metallurgical recovery for Au is 86%.	2.0 g/t Au cut-off
La Pepa	N/A	\$780 Au, 0.30 g/t Au cut-off
Lavra Velha	N/A	\$1300 Au, \$3.5Cu and 0.2g/t Au, 0.1% Cu cut-offs
Mercedes	\$1,150 Au, \$18.00 Ag, 3.0 g/t Aueq Metallurgical recoveries are 94% for Au and 33% for Ag.	2.0 g/t Aueq cut-off for Mercedes and 0.4 g/t Aueq cut-off for Rey de Oro
Minera Florida	\$1,150 Au, \$18.00 Ag, \$1 lb Zn, 2.12 g/t Aueq cut-off and Florida tailings cut-off N/A Metallurgical recoveries are 85% for Au, 65% for Ag and 70% for Zn.	2.22 g/t Aueq cut-off

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

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Projects		
Monument Bay	N/A	\$1,200 Au , 0.4 and 0.7 g/t cutoff for open pit cutoff and 4.0 g/t Au cutoff for underground
Suyai	N/A	5.0 g/t Au cut-off
Upper Beaver (50%)	N/A	\$1,200 Au and \$3.00 Cu, Underground cutoff 2.5 g/t Au
C1-Santa Luz	N/A	\$1,500 pit with 0.5 g/t Au cutoff for open pit resources. 1.5 g/t Au cutoff for C1 underground high grade ore.
Fazenda Brasileiro	\$1,150 Au, 1.06 g/t Au UG and 0.4 g/t Au open pit cut-off	\$1,500 pit with 0.5 g/t Au cutoff for open pit and underground; just pillars and stopes that could be economic
	Metallurgical recovery for Au is 91%.	
Pilar	\$1,150 Au, 1.17 g/t Au cut-off for Pilar and 1.01 g/t Au for Maria Lazara. Minimum mining width 1.0 m for Pilar and 1.4 m for Maria Lazara	2.0 g/t Au cut-off at Pilar
	Metallurgical recovery for Au is 95%.	
Agua Rica	\$1,000 Au, \$2.25 lb Cu, \$17.00 g/t Ag, \$12.00 lb Mo	0.2% Cu cut-off
	Metallurgical recoveries are 85% for Au and 53% for Ag.	



2015 Financials



Management's Discussion & Analysis	33
Management's Responsibility for Financial Reporting	107
Audit Reports	108
Consolidated Financial Statements	110
Notes to the Consolidated Financial Statements	114

TABLE OF CONTENTS

	<u>Page</u>
1. Core Business	33
2. Highlights	33
3. Outlook and Strategy	36
4. Summary of Financial and Operating Statistics	40
4.1: Annual Financial Statistics	40
4.2: Annual Operating Statistics	41
4.3: Fourth Quarter Financial Statistics	42
4.4: Fourth Quarter Financial Statistics	43
5. Overview of Results	44
5.1: Annual Overview of Financial Results	44
5.2: Annual Overview of Operating Results	50
5.3: Fourth Quarter Overview of Financial Results	53
5.4: Fourth Quarter Overview of Operating Results	56
6. Operating Mines	59
7. Construction, Development and Exploration	69
8. Mineral Reserve and Mineral Resource Estimates	74
9. Liquidity, Capital Resources and Contractual Commitments	80
10. Income Taxes	84
11. Economic Trends, Business Risks and Uncertainties	85
12. Contingencies	90
13. Critical Accounting Policies and Estimates	90
14. Non-GAAP Measures	91
15. Selected Quarterly Financial and Operating Summary	100
16. Disclosure Controls and Procedures	102

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

(All figures are in United States Dollars ("US Dollars") unless otherwise specified and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). This Management's Discussion and Analysis of Operations and Financial Condition ("MD&A") should be read in conjunction with the Company's most recently issued annual consolidated financial statements for the year ended December 31, 2015 ("Consolidated Financial Statements").

Cautionary notes regarding forward-looking statements and mineral reserves and mineral resources follow this MD&A.

1. CORE BUSINESS

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

Note 3(a): Significant Accounting Policies - Basis of Consolidation to the most recently audited Consolidated Annual Financial Statements lists Yamana's significant subsidiaries with 100% equity interest and its joint operation of the Canadian Malartic mine. The Company does not have any material off-balance sheet arrangements, except as noted in *Note 34: Contractual Commitments* to the Consolidated Annual Financial Statements.

2. HIGHLIGHTS

The Company remains firm in its belief that advancing the strength of its balance sheet and liquidity position to counter the impact of a lower price environment, while undertaking prudent and disciplined growth is appropriate to pursue its value creation proposition.

For the year ended December 31, 2015 (unless otherwise specified)

Financial

- Revenue from continuing operations of \$1.8 billion on the sale of 1,248,401 ounces of gold, 8.9 million ounces of silver, and 126.0 million pounds of copper⁽ⁱ⁾.
- Net loss from continuing operations of \$2.1 billion or \$2.24 per share basic and diluted, after a non-cash impairment charge of \$1.8 billion (net of tax) and a \$210.0 million charge arising from a non-cash tax expense relating to unrealized foreign exchange rate fluctuations. After eliminating the impact of the aforementioned impairment charge and exchange rate fluctuations, adjusted loss⁽ⁱⁱ⁾ from continuing operations was \$73.6 million or \$0.08 per share.
- Mine operating earnings from continuing operations of \$195.0 million.
- Cash flows of \$531.8 million from operating activities after changes in working capital and cash flows of \$670.6 million from operating activities before net change in working capital⁽ⁱⁱⁱ⁾. These include \$148 million from the receipt of advance deposits relating to the metal purchase agreements entered into in the fourth quarter of 2015. Net changes in working capital was predominantly driven by the following items, underpinned by the Company's focus on improving its financial strength:
 - Reduction in trade payables of \$87.8 million, compared to December 31, 2014,
 - Repayment of \$29.5 million with respect to the accounts receivable financing credit, and
 - Repayment of \$22.5 million with respect to the loan from Alumbra.

- Other improvements in financial strength evidenced during the year include:
 - Debt reduction initiatives leading to a reduction of debt of over \$286 million, lower by 14% compared to December 31, 2014,
 - Capital expenditures reduction of 43%, compared to December 31, 2014, and
 - Revision to dividend policy reducing annual dividend payments from \$55.2 million in 2015, to approximately \$29 million⁽ⁱⁱⁱ⁾ in 2016 and to approximately \$19 million⁽ⁱⁱⁱ⁾ in 2017 and thereafter. The reduced budgeted outlays in 2016 to 2018, totalling approximately \$100 million, are expected to partially fund the construction of Cerro Moro.

Operational

- Record total production of 1.28 million ounces of gold in line with expectations.
- Annual gold production from continuing operations 8% higher than 2014 with individual mine highlights as follows:
 - Record production from Canadian Malartic of 285,809 ounces of gold.
 - Record production from Gualcamayo of 180,674 ounces of gold.
 - Record production from Minera Florida of 112,580 ounces of gold, representing a 12% increase in production over 2014.
 - Production from Chapada of 119,059 ounces of gold, representing a 11% increase in production over 2014.
 - Production from Jacobina of 96,715 ounces of gold, representing a 28% increase in production over 2014.
- Significant quarterly production increases over the fourth quarter of 2014 include an increase of 18% at Chapada, 10% at Canadian Malartic, 15% at Gualcamayo and 37% at Jacobina.
- Cash costs⁽ⁱⁱ⁾ of \$596 per ounce of gold (\$662 per ounce of gold on a co-product basis).
- All-in sustaining costs⁽ⁱⁱⁱ⁾ ("AISC") of \$842 per ounce of gold, 2% lower than 2014 (\$868 per ounce of gold on a co-product basis, 9% lower than in 2014).
- Silver production of 9.0 million ounces at cash costs of \$7.12 per ounce and AISC of \$10.81 per ounce.
- Copper production from Chapada of 131.0 million pounds at cash costs of \$1.46 per pound of copper, representing a decrease in costs of 13% over 2014.

Strategic Developments and Updates

- On February 17, 2016, the Company's Brio Gold Division ("Brio Gold") entered into an Assignment and Assumption Agreement and a Restructuring Agreement pursuant to which it would acquire all right, title and interests in the Riachos dos Machados gold mine ("RDM") in Minas Gerais State from Macquarie Bank and Carpathian Gold. Upon closing of this transaction, no later than March 31, 2016, Brio Gold will fund approximately \$51 million in total consideration, including expenses. RDM is a producing open-pit mine with a production capacity of approximately 100,000 ounces of gold per year at an estimated average AISC of less than \$800 per ounce over a seven year mine life based on current mineral reserves. Based on the expected accretive nature of this transaction, the addition of RDM to the Brio portfolio of mines and projects is consistent with the objective of ultimately maximizing the value of the Brio Gold portfolio.
- On October 27th, 2015, the Company entered into three metal purchase agreements with Sandstorm Gold Ltd. ("Sandstorm"), a gold streaming company. Sandstorm paid the Company an advanced payment of \$148 million and has issued the Company 15 million common share purchase warrants with a strike price of \$3.50 and a term of five years (valued at \$18.4 million). Sandstorm will also pay the Company an additional \$4 million, payable on April 26th, 2016. The metal purchase agreements include a silver purchase transaction referenced to production from Cerro Moro, Minera Florida and Chapada, a copper purchase transaction referenced to production from Chapada, and a gold purchase transaction referenced to production from Agua Rica. The full amount of the advanced payment was used to reduce the balance outstanding on its revolving credit facility.
- Improved overall debt levels of the Company by triggering an early conversion of the Company's 6.875% convertible unsecured subordinated debentures, assumed on the acquisition of Canadian Malartic.
- Continuing to build on the existing Canadian platform, the Company acquired 100% of all issued and outstanding common shares of Mega Precious Metals Inc. ("Mega Precious"), a Canadian-based exploration company with a number of projects in Canada, the most significant of which is the Monument Bay gold/tungsten project located in northeastern Manitoba. Total consideration paid by the Company was \$14.5 million.

- On February 3rd, 2015, the Company closed on a C\$299.3 million bought deal offering of 56.5 million common shares at a share price of C\$5.30 per share. The net proceeds of the offering were used to reduce the amount outstanding under the Company's revolving credit facility thereby further strengthening the balance sheet and providing flexibility to fund its internal growth opportunities.

Construction and Development

- With respect to the development of Cerro Moro, following the preparations in 2015, the 2016 work program envisages the prudent ramp-up of site construction activities, the continuation of detailed engineering as well as the advancement of underground mining, in order to gain a better understanding of in-situ mining conditions. The current development schedule continues to project initial production the first quarter of 2018. This schedule allows for further exploration drilling to take place to increase the size of the Cerro Moro mineral resources, in addition to improving the current mineral resource categorization.

Exploration

- El Peñón, Chile - Drilling at the Ventura vein advanced with results continuing to support the economic potential of the target and the objective of upgrading the mineral resources. Narrow, high-grade results at Abundancia W, Borde W, Bonanza Hanging Wall and other vein structures continue to support exploration of secondary structures adjacent to larger, primary structures. At Aleste Sur-Sur and Dorada Sur, results support the potential of a high-grade gold and silver mineral zone that remains open to the south and is accessible from current mine development.
- Chapada, Brazil - Drilling at Sucupira continued and to date have outlined a 1.5 kilometre high grade extension of the mineralization.
- Gualcamayo, Argentina - Drilling returned multiple additional oxide intercepts of potential ore from QDD Lower West ("QDDLW") with results pending.
- Minera Florida, Chile - Positive assay results continue to support the objective of upgrading mineral resources and mineral reserves replacement.
- Monument Bay, Canada - The fall drill program returned positive results and support gold and tungsten mineralization at higher grades compared to previous block model. These results are included in an updated mineral resources model for Monument Bay.
- Canadian Malartic Properties, Canada -
 - Kirkland Lake - Assays returned significant high grade results and in light of the positive results to-date, the mineral resource estimate was updated.
 - Pandora - Results have been encouraging and support high grade mineralization.
 - Odyssey - Drilling to date supports the focus on the Canadian Malartic block model to further define the potential of near pit targets that provide potential sources of ore for the Canadian Malartic mill.

(i) Excluding attributable sales from Alumbraera.

(ii) A non-GAAP measure - Refer to *Section 14*.

(iii) "Core assets" or "core operations" include Chapada, El Peñón, Gualcamayo, Mercedes, Canadian Malartic, Minera Florida and Jacobina.

(iv) Based on the number of outstanding common shares as at the end of 2015.

3. OUTLOOK AND STRATEGY

Yamana takes a portfolio approach to managing its business and every mine and asset in the portfolio is evaluated based on production, costs, potential and planned returns. The Company is disciplined with regards to its assets and strives to create value by setting key performance indicators and monitoring performance at each asset against these indicators. The Company will look at alternative options to realize value if an asset does not meet its key performance indicators and will consider monetization in the right circumstances.

Within the Company's portfolio, it has designated certain assets as core and others as non-core. In general, the Company looks at a balance among size and scale, cost, location, opportunity for development and improvement. In addition, the Company evaluates the amount of management time required by a given asset compared to the value, potential and opportunity associated with the asset. In this context, the Company will consider monetization of non-core assets in the right circumstances as it strives to maximize the value received for assets, but will not sell an asset if the asset carries more value in the portfolio than a potential sale can realize. The Company will continue to look to strike the appropriate balance between realizing value and expediency when considering asset sales.

In early 2015, the Company designated certain assets to be placed in a separate division and established Brio Gold Inc. ("Brio Gold") as a subsidiary to hold those assets which include Pilar, Fazenda Brasileiro and C1 Santa Luz. Over the course of 2015, Pilar and Fazenda Brasileiro were able to improve the quality of production, improve costs, increase cash flow and earnings before interest, taxes, depreciation and amortization ("EBITDA") generation, improve mineral resource models and mine plans, and increase mine lives. Given the significant operational improvements at these assets, it has been concluded that they currently carry considerably more value within the Company's portfolio than outside the Company.

The Company remains committed to debt reduction and cost improvements. Following debt reduction initiatives of over \$286 million during 2015, the Company plans a further debt reduction of at least \$300 million between 2016 and 2017. This will be achieved through organic generation of cash flow and other available means, including the monetization of secondary metals and assets. While there are not yet any finalized plans in respect of any of these monetization initiatives, the Company continues to consider the many alternatives available to it.

The Company believes in maintaining a strong balance sheet and ensuring financial flexibility through the prudent use of its revolving credit facility. Furthermore, the debt maturity profile remains very manageable and well positioned, especially in the short- to medium-term with a total of \$113 million scheduled debt payments by the end of 2017. The Company targets Net Debt/EBITDA between 1.5 to 2.0 times, which the Company believes to be prudent financial policy and planning. The Company expects improvements in the Net Debt/EBITDA ratio starting immediately in 2016. During the transition to this target level, leverage between 2.0 and 2.5 times will be targeted. The Company expects to achieve its target levels through organic generation of cash flows at prevailing gold prices. Acceleration of the debt reduction or improvements in the gold price would advance and accelerate these goals.

Building on the success of 2015, a record production setting year, for 2016, the Company intends to continue to focus on liquidity and cash flow while continuing optimization initiatives to deliver organic growth. This will firmly position the Company to be able to respond to current economic conditions.

For 2016, the Company expects to deliver gold production of between 1.23 million and 1.31 million ounces of gold. Silver production is projected at between 6.9 million and 7.2 million ounces of silver and copper production is projected at between 122 million and 125 million pounds. These numbers exclude any share of production from the Company's interest in Alumbreira. The Company has increased confidence in 2016 production guidance as a result of the achievements of 2015, which include: streamlined operations and management; improved core management in exploration, development, operations and health and safety; improved mineral resource models and mine plans; and improved timing relating to the evaluation and development of projects and development at existing mines.

The Company is targeting continuous production growth, and will continue to evaluate opportunities for optimizations and other operational improvements across its portfolio to further increase its production profile. The Company will also continue to pursue organic production

growth opportunities from the Cerro Moro project, Chapada expansion, Canadian Malartic developments, Monument Bay project, Kirkland Lake opportunities and Deep Carbonates project.

2016 - 2018 Production Guidance

Estimated Production	2016E	2017E	2018E
Gold (oz.)			
Chapada	116,000 - 122,000	110,000	90,000
El Peñón	235,000 - 250,000	245,000	245,000
Canadian Malartic (50%)	280,000 - 290,000	300,000	305,000
Gualcamayo	150,000 - 165,000	155,000	150,000
Mercedes	85,000 - 90,000	88,000	82,000
Minera Florida	110,000 - 115,000	110,000	110,000
Jacobina	110,000 - 115,000	120,000	130,000
Pilar (i)	85,000 - 90,000	100,000	98,000
Fazenda Brasileiro (i)	63,000 - 68,000	65,000	65,000
Cerro Moro	—	—	76,000
Total Gold Production	1,234,000 - 1,305,000	1,293,000	1,351,000
Silver (oz.)			
Chapada	270,000 - 278,000	270,000	245,000
El Peñón	5,800,000 - 6,000,000	5,800,000	6,000,000
Mercedes	345,000 - 365,000	355,000	335,000
Minera Florida	500,000 - 530,000	515,000	525,000
Cerro Moro	—	—	3,347,000
Total Silver Production	6,915,000 - 7,173,000	6,940,000	10,452,000
Total Copper (M lbs.) (Chapada)	122 - 125	122	115

(i) Pilar and Fazenda Brasileiro are held within Brio Gold.

Estimated consolidated co-product and by-product cash costs for 2016 gold production are forecast to be approximately \$605 and \$525 per ounce of gold respectively. Estimated co-product and by-product cash costs for 2016 silver production are forecast to be approximately \$7.25 and \$6.20 per ounce of silver respectively. The table below provides the mine-by-mine 2016 estimated cash costs per ounce for gold and silver.

2016 Cash Costs Guidance

2016 Estimated Cash Costs Per Oz	Co-Product		By-Product	
	Gold	Silver	Gold	Silver
Chapada	\$280	\$2.72	(\$510)	(\$25.00)
El Peñón	\$540	\$7.20	—	—
Canadian Malartic (50%)	\$585	—	—	—
Gualcamayo	\$875	—	—	—
Mercedes	\$750	\$9.75	—	—
Minera Florida	\$640	\$8.50	—	—
Jacobina	\$620	—	—	—
Pilar (i)	\$560	—	—	—
Fazenda Brasileiro (i)	\$610	—	—	—
Total	\$605	\$7.25	\$525	\$6.20

(i) Pilar and Fazenda Brasileiro are held within Brio Gold.

Copper co-product cash costs at Chapada cash costs are forecast to be \$1.32 per pound.

Consolidated by-product all-in sustaining costs for 2016 are targeted at below \$800 per ounce of gold, and \$10.20 per ounce of silver. Estimated co-product all-in sustaining costs for 2016 are forecast to be approximately \$840 per ounce of gold and \$10.75 per ounce of silver.

2016 Mine Site All-In Sustaining Cost Guidance and Site Sustaining Capital

	Estimated AISC ⁽ⁱ⁾ Per Oz		Sustaining Capital (Millions of US Dollars)
	Gold	Silver	
Chapada	\$350	\$3.35	\$40
El Peñón	\$730	\$10.00	\$58
Canadian Malartic (50%)	\$800	—	\$60
Gualcamayo	\$940	—	\$11
Mercedes	\$935	\$12.15	\$18
Minera Florida	\$825	\$11.00	\$21
Jacobina	\$915	—	\$34
Pilar ⁽ⁱⁱ⁾	\$760	—	\$19
Fazenda Brasileiro ⁽ⁱⁱ⁾	\$810	—	\$13

(i) Mine site AISC includes cash costs (including site level general and administrative expense), sustaining capital and exploration expense.

(ii) Pilar and Fazenda Brasileiro are held within Brio Gold.

Copper co-product AISC at the Chapada mine are forecast to be \$1.60 per pound, excluding any corporate overhead allocation.

For 2016, consolidated sustaining capital is expected to be approximately \$275 million or approximately \$200 per ounce of gold and \$2.75 per ounce of silver when allocating all capital to gold and silver ounces with no consideration for copper. The Company treats copper as a by-product and applies all sustaining capital to gold and silver ounces. The above-noted sustaining capital numbers are included in the calculation of AISC.

Expansionary capital spending for 2016 is expected to be approximately \$120 million and the Company remains committed to allocating capital to those opportunities that can most readily contribute to cash flow.

The Company expects to spend approximately \$82 million on exploration in 2016, the focus continues to be on near mine exploration and ounces that can most quickly be brought into production and contribute to cash flow generation. Approximately 70% of exploration expenditures is expected to be capitalized.

Total capital spending is expected to be more heavily weighted to the second half of 2016.

For 2016, depreciation, depletion and amortization ("DD&A") is expected to be approximately \$470 million or approximately \$302 per ounce of gold, \$3.92 per ounce of silver and \$0.30 per pound of copper. Expected DDA is approximately \$100 million lower than previously guided, taking into consideration the impact of impairments recorded in the period.

Total general and administrative ("G&A") expenses for 2016 are expected to be approximately \$100 million, representing approximately \$85 million in cash based G&A expenses and \$15 million in non-cash based G&A expenses.

Key 2016 commodity and foreign exchange price assumptions, in relation to the above guidance, are presented in the table below.

2016 Metal and Currency Assumptions

Gold (US\$/oz)	\$1.100
Silver (US\$/oz)	\$14.75
Copper (US\$/lb)	\$2.25
C\$/US\$	1.35
BRL/US\$	4.20
ARS/US\$	15.00
CLP/US\$	725.00
MXN/US\$	17.00

Underpinning the commodity and foreign exchange assumptions, are the Company's forward contracts put in place to economically hedge against the risk of declining copper prices, totalling 42 million pounds of copper as at December 31, 2015 for value dates between January 1, 2016 until June, 2016 with an average sales price of \$2.20 per pound. The Company also recognizes the strong inverse correlation between the Chilean Peso and copper prices in which, if copper was to decrease in price, a corresponding devaluation to the Chilean Peso would occur, which would improve the cost structure for the Company's Chilean operations of El Peñón and Minera Florida.

4. SUMMARY OF FINANCIAL AND OPERATING STATISTICS

4.1 Annual Financial Statistics

For the years ended December 31,

(In millions of US Dollars; unless otherwise noted)

	2015	2014	2013
Net loss per share attributable to Yamana Gold Inc. equity holders - basic and diluted	\$ (2.26)	\$ (1.69)	\$ (0.59)
Net loss from continuing operations per share attributable to Yamana Gold Inc. equity holders - basic and diluted	\$ (2.24)	\$ (1.46)	\$ (0.36)
Adjusted (loss)/earnings per share (i)(ii) from continuing operations attributable to Yamana Gold Inc. equity holders - basic and diluted	\$ (0.08)	\$ 0.05	\$ 0.36
Dividends declared per share	\$ 0.06	\$ 0.1275	\$ 0.26
Dividends paid per share	\$ 0.06	\$ 0.1775	\$ 0.26
Weighted average number of common shares outstanding - basic (in millions)	936.6	820.8	752.7
Weighted average number of common shares outstanding - diluted (in millions)	936.6	822.5	752.7

(In millions of US Dollars; unless otherwise noted)

Net loss from continuing operations attributable to Yamana Gold Inc. equity holders	\$ (2,114.8)	\$ (1,194.9)	\$ (302.3)
Adjusted (loss)/earnings from continuing operations attributable to Yamana Gold Inc. equity holders (i)	\$ (73.6)	\$ 41.5	\$ 274.1
Revenue	\$ 1,824.9	\$ 1,835.1	\$ 1,842.7
Mine operating earnings	\$ 195.1	\$ 285.8	\$ 540.8
Cash flows from operating activities from continuing operations	\$ 531.8	\$ 513.9	\$ 565.0
Cash flows from operating activities before net change in working capital (i)	\$ 670.6	\$ 595.0	\$ 707.8
Cash flows used in investing activities from continuing operations	\$ (392.2)	\$ (1,081.6)	\$ 965.5
Cash flows from financing activities from continuing operations	\$ (204.6)	\$ 540.1	\$ 283.8
Average realized gold price per ounce (iii)	\$ 1,156	\$ 1,256	\$ 1,408
Average realized copper price per pound (iii)	\$ 2.68	\$ 3.12	\$ 3.28
Average realized silver price per ounce (iii)	\$ 15.71	\$ 18.84	\$ 23.73
Average market gold price per ounce (iv)	\$ 1,160	\$ 1,266	\$ 1,411
Average market copper price per pound (iv)	\$ 2.50	\$ 3.11	\$ 3.32
Average market silver price per ounce (iv)	\$ 15.68	\$ 19.07	\$ 23.85

As at December 31,

(In millions of Dollars; unless otherwise noted)

	2015	2014 (v)	2013
Total assets	\$ 9,518.1	\$ 12,484.0	\$ 11,410.7
Total long-term liabilities	\$ 4,111.4	\$ 5,017.3	\$ 3,615.5
Total equity	\$ 4,864.6	\$ 6,732.8	\$ 7,158.1
Working capital	\$ 106.9	\$ 42.6	\$ 79.7

- (i) A cautionary note regarding non-GAAP measures and their respective reconciliations is included in Section 14 of this Management's Discussion and Analysis including a discussion and definition of Adjusted Earnings, Adjusted Earnings per Share, and additional measures.
- (ii) The dilution effect of the convertible debt recognized in net earnings is a non-cash factor which is excluded in determining Adjusted Earnings. Therefore, the dilution effect of the convertible debt has no effect on the calculation of Adjusted Earnings per share.
- (iii) Realized prices based on gross sales compared to market prices for metals may vary due to the timing of the sales.
- (iv) Source of information: Bloomberg.
- (v) Balances have been restated, as applicable, following the finalization of the fair value determination on acquisition of Osisko Gold (refer to Note 6(a): Acquisition and Disposition of Mineral Interests to the Consolidated Annual Financial Statements for additional details).

4.2 Annual Operating Statistics

For the years ended,	2015	2014		2015	2014	
Ounces of Production	Gold			Silver		
Chapada	119,059	107,447	11%	274,533	296,955	(8)%
El Peñón	227,288	282,617	(20)%	7,692,811	8,475,133	(9)%
Canadian Malartic	285,809	143,008	100%	—	—	—%
Gualcamayo	180,674	180,412	—%	—	—	—%
Mercedes	84,137	105,212	(20)%	382,943	398,137	(4)%
Minera Florida	112,580	100,076	12%	660,997	975,297	(32)%
Jacobina	96,715	75,650	28%	—	—	—%
Alumbrera (i)	24,555	39,650	(38)%	—	—	—%
Pilar (ii)	83,184	60,090	38%	—	—	—%
Fazenda Brasileiro (ii)	60,914	64,188	(5)%	—	—	—%
C1 Santa Luz (ii)	—	20,385	—%	—	—	—%
Total from continuing operations	1,274,915	1,178,735	8%	9,011,284	10,145,522	(11)%
Ernesto/Pau-a-Pique (discontinued operations)	460	18,917	(98)%	—	—	—%
Total production	1,275,375	1,197,652	6%	9,011,284	10,145,522	(11)%
Cash costs from continuing operations per ounce (iii)						
Chapada	\$ (520)	\$ (879)	(41)%	\$ (35.00)	\$ (56.46)	(38)%
El Peñón	\$ 621	\$ 545	14%	\$ 8.38	\$ 7.85	7%
Canadian Malartic (i)	\$ 596	\$ 702	(15)%	\$ —	\$ —	—%
Gualcamayo	\$ 814	\$ 796	2%	\$ —	\$ —	—%
Mercedes	\$ 887	\$ 681	30%	\$ 7.91	\$ 10.75	(26)%
Minera Florida	\$ 712	\$ 678	5%	\$ 9.46	\$ 6.08	56%
Jacobina	\$ 788	\$ 1,078	(27)%	\$ —	\$ —	—%
Alumbrera (i)	\$ 1,242	\$ (351)	(454)%	\$ —	\$ —	—%
Pilar (ii)	\$ 708	\$ 778	(9)%	\$ —	\$ —	—%
Fazenda Brasileiro (ii)	\$ 702	\$ 804	(13)%	\$ —	\$ —	—%
Cash costs from continuing operations per ounce produced (iii)	\$ 596	\$ 516	16%	\$ 7.12	\$ 5.91	20%
Co-product cash costs from continuing operations per ounce produced (iii)	\$ 662	\$ 665	—%	\$ 8.28	\$ 7.70	8%
All-in sustaining costs from continuing operations per ounce (iii)	\$ 842	\$ 857	(2)%	\$ 10.81	\$ 10.64	2%
All-in sustaining co-product costs from continuing operations per ounce (iii)	\$ 868	\$ 954	(9)%	\$ 11.35	\$ 11.69	(3)%
Concentrate Production				2015	2014	
Chapada concentrate production (tonnes)				242,523	245,779	
Chapada copper contained in concentrate production (millions of lbs)				131.0	133.5	
Chapada co-product cash costs per pound of copper (iii)				\$ 1.46	\$ 1.68	
Alumbrera attributable concentrate production (tonnes) (i)				30,865	49,734	
Alumbrera attributable copper contained in concentrate production (millions of lbs) (i)				17.0	28.3	
Alumbrera co-product cash costs per pound of copper (i)(iii)				\$ 3.43	\$ 2.24	
Co-product cash costs per pound of copper produced (iii)				\$ 1.68	\$ 1.77	
Sales Included in Revenue (excluding 12.5% interest in Alumbrera)				2015	2014	
Gold (ounces)				1,248,401	1,068,662	
Silver (ounces)				8,902,381	9,879,448	
Chapada concentrate (tonnes)				240,790	241,578	
Chapada payable copper contained in concentrate (millions of lbs)				126.0	123.5	

(i) The Company holds a 12.5% equity interest in Alumbrera and a 50% interest in Canadian Malartic.

(ii) Pilar, Fazenda Brasileiro and C1 Santa Luz are held within Brio Gold. Currently, C1 Santa Luz is on care and maintenance. Commissioning production related to Pilar and C1 Santa Luz is included in the respective balance.

(iii) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

4.3 Fourth Quarter Financial Statistics

For the three months ended December 31,

(In millions of US Dollars; unless otherwise noted)

	2015	2014
Loss per share attributable to Yamana equity holders - basic	\$ (1.95)	\$ (0.38)
Loss per share attributable to Yamana equity holders - diluted	\$ (1.95)	\$ (0.39)
Loss per share from continuing operations attributable to Yamana equity holders - basic	\$ (1.95)	\$ (0.34)
Loss per share from continuing operations attributable to Yamana equity holders - diluted	\$ (1.95)	\$ (0.35)
Adjusted (loss)/earnings per share (i)(ii) from continuing operations attributable to Yamana Gold Inc. equity holders - basic and diluted	\$ (0.01)	\$ (0.02)
Dividends declared per share	\$ 0.015	\$ 0.015
Dividends paid per share	\$ 0.015	\$ 0.0375
Weighted average number of common shares outstanding - basic (in millions)	946.8	877.7
Weighted average number of common shares outstanding - diluted (in millions)	946.8	880.8

(In millions of US Dollars; unless otherwise noted)

Net loss from continuing operations attributable to Yamana equity holders	\$ (1,842.4)	\$ (299.6)
Adjusted loss from continuing operations attributable to Yamana Gold Inc. equity holders (i)	\$ (7.5)	\$ (16.2)
Revenues	\$ 463.0	\$ 542.9
Mine operating earnings	\$ 46.8	\$ 87.6
Cash flows from operating activities from continuing operations	\$ 328.7	\$ 183.6
Cash flows from operating activities before net change in working capital (i)	\$ 297.6	\$ 166.4
Cash flows to investing activities from continuing operations	\$ (151.8)	\$ (150.7)
Cash flows to financing activities from continuing operations	\$ (192.9)	\$ (10.4)
Average realized gold price per ounce (iii)	\$ 1,101	\$ 1,199
Average realized copper price per pound (iii)	\$ 2.22	\$ 2.99
Average realized silver price per ounce (iii)	\$ 14.67	\$ 16.39
Average market gold price per ounce (iv)	\$ 1,106	\$ 1,201
Average market copper price per pound (iv)	\$ 2.22	\$ 3.01
Average market silver price per ounce (iv)	\$ 14.77	\$ 16.5

- (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) The dilution effect of the convertible debt recognized in net earnings is a non-cash factor which is excluded in determining Adjusted Earnings. Therefore, the dilution effect of the convertible debt has no effect on the calculation of Adjusted Earnings per share.
- (iii) Realized prices based on gross sales compared to market prices for metals may vary due to the timing of the sales.
- (iv) Source of information: Bloomberg.

4.4 Fourth Quarter Operating Statistics

For the three months ended December 31,	2015	2014		2015	2014	
Ounces of Production	Gold			Silver		
Chapada	34,498	29,270	18%	70,547	73,310	(4)%
El Peñón	59,375	77,111	(23)%	1,584,280	2,286,949	(31)%
Canadian Malartic	72,872	66,369	10%	—	—	—%
Gualcamayo	52,864	46,009	15%	—	—	—%
Mercedes	20,407	30,364	(33)%	102,116	107,396	(5)%
Minera Florida	29,180	27,953	4%	202,643	184,382	10%
Jacobina	28,727	20,909	37%	—	—	—%
Alumbrera (i)	8,586	13,704	(37)%	—	—	—%
Pilar (ii)	21,326	18,757	14%	—	—	—%
Fazenda Brasileiro (ii)	17,953	19,712	(9)%	—	—	—%
C1 Santa Luz (ii)	—	—	—%	—	—	—%
Total from continuing operations	345,788	350,158	(1)%	1,959,586	2,652,037	(26)%
Ernesto/Pau-a-Pique (discontinued operations)	—	2,414	(100)%	—	—	—%
Total production	345,788	352,572	(2)%	1,959,586	2,652,037	(26)%
Cash costs from continuing operations per ounce (iii)						
Chapada	\$ (432)	\$ (1,036)	(58)%	\$ (32.94)	\$ (68.48)	(52)%
El Peñón	\$ 544	\$ 537	1%	\$ 9.32	\$ 7.81	19%
Canadian Malartic (i)	\$ 606	\$ 684	(11)%	\$ —	\$ —	—%
Gualcamayo	\$ 798	\$ 886	(10)%	\$ —	\$ —	—%
Mercedes	\$ 852	\$ 626	36%	\$ 6.91	\$ 10.58	(35)%
Minera Florida	\$ 666	\$ 634	5%	\$ 7.49	\$ 8.40	(11)%
Jacobina	\$ 609	\$ 959	(36)%	\$ —	\$ —	—%
Alumbrera (i)	\$ 645	\$ (14)	(4,707)%	\$ —	\$ —	—%
Pilar (ii)	\$ 609	\$ 790	(23)%	\$ —	\$ —	—%
Fazenda Brasileiro (ii)	\$ 586	\$ 558	5%	\$ —	\$ —	—%
Cash costs from continuing operations per ounce produced (iii)	\$ 541	\$ 513	5%	\$ 7.48	\$ 5.86	28%
Co-product cash costs from continuing operations per ounce produced (iii)	\$ 605	\$ 640	(5)%	\$ 8.78	\$ 7.88	11%
All-in sustaining costs from continuing operations per ounce (iii)	\$ 753	\$ 816	(8)%	\$ 10.78	\$ 10.02	8%
All-in sustaining co-product costs from continuing operations per ounce (iii)	\$ 784	\$ 893	(12)%	\$ 11.46	\$ 11.17	3%
Concentrate Production				2015	2014	
Chapada concentrate production (tonnes)				70,255	63,955	
Chapada copper contained in concentrate production (millions of lbs)				36.6	35.0	
Chapada co-product cash costs per pound of copper (iii)				\$ 1.30	\$ 1.57	
Alumbrera attributable concentrate production (tonnes) (i)				12,501	16,043	
Alumbrera attributable copper contained in concentrate production (millions of lbs) (i)				7.1	9.1	
Alumbrera co-product cash costs per pound of copper (i)(iii)				\$ 2.04	\$ 1.78	
Co-product cash costs per pound of copper produced (iii)				\$ 1.42	\$ 1.61	
Sales Included in Revenue (excluding 12.5% interest in Alumbrera)				2015	2014	
Gold (ounces)				342,194	346,588	
Silver (ounces)				1,884,819	2,772,732	
Chapada concentrate (tonnes)				74,538	66,534	
Chapada payable copper contained in concentrate (millions of lbs)				38.6	33.8	

(i) The Company holds a 12.5% equity interest in Alumbrera and a 50% interest in Canadian Malartic.

(ii) Pilar, Fazenda Brasileiro and C1 Santa Luz are held within Brio Gold. Currently, C1 Santa Luz is on care and maintenance. Commissioning production related to Pilar and C1 Santa Luz is included in the respective balance.

(iii) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

5. OVERVIEW OF RESULTS

5.1 Annual Overview of Financial Results

<i>For the years ended December 31, (In millions of US Dollars; unless otherwise noted)</i>		2015	2014
Revenue	\$	1,824.9	\$ 1,835.1
Cost of sales excluding depletion, depreciation and amortization		(1,088.0)	(1,045.8)
Gross margin excluding depletion, depreciation and amortization		736.9	789.3
Depletion, depreciation and amortization		(541.9)	(503.5)
Mine operating earnings		195.0	285.8
Other expenses (i)		(329.7)	(361.9)
Equity loss from associate		(17.5)	(7.1)
Impairment of mineral properties		(2,595.3)	(752.9)
Loss from operations before income taxes		(2,747.5)	(836.1)
Income tax recovery/(expense) of continuing operations		647.9	(358.8)
Net loss from continuing operations	\$	(2,099.6)	\$ (1,194.9)
Loss from discontinuing operations	\$	(15.2)	(188.2)
Net loss	\$	(2,114.8)	\$ (1,383.1)
Adjusted earnings adjustments (ii):			
Net loss from continuing operations		(2,099.6)	(1,194.9)
Non-cash unrealized foreign exchange losses		(20.9)	(21.7)
Impact of change in tax rates on non-cash deferred tax expense		(9.4)	329.5
Share-based payments/mark-to-market of deferred share units		11.2	5.8
Demobilization and reorganization costs		7.7	31.2
Transaction costs related to the acquisition of Osisko		—	30.8
Loss on sale of assets		4.5	4.4
Impairment of mineral properties		2,595.3	752.9
Impairment of investment in available-for-sale securities and other assets		27.9	43.0
Other non-recurring provisions and other adjustments		16.1	60.2
Adjusted earnings before income tax effect		532.8	41.2
Non-cash tax on unrealized foreign exchange gains		209.4	82.5
Income tax effect of adjustments		(815.8)	(82.2)
Adjusted (loss)/earnings from continuing operations attributable to Yamana Gold Inc. equity holders (ii)	\$	(73.6)	\$ 41.5
Loss per share from continuing operations attributable to Yamana equity holders - basic and diluted	\$	(2.24)	(1.46)
Adjusted (loss)/earnings per share from continuing operations attributable to Yamana Gold Inc. equity holders (ii)(iii) - basic and diluted	\$	(0.08)	0.05
Adjusted Operating Cash Flows (ii):			
Cash flows from operating activities before changes in working capital	\$	670.6	\$ 595.0
Cash portion of deferred revenue		(148.0)	—
Cash portion of reorganization costs		7.2	12.2
Cash portion of demobilization costs		—	9.6
Transaction costs related to the acquisition of Osisko		—	30.8
Adjusted Operating Cash Flows	\$	529.8	\$ 647.6

- (i) For the year ended December 31, 2015, other expenses represent the aggregate of the following expenses: general and administrative of \$118.0 million (2014 - 122.4 million), exploration and evaluation of \$23.1 million (2014 - \$20.0 million), other expense of \$71.4 million (2014 - \$189.2 million) and net finance expense of \$117.2 million (2014 - expense \$30.3 million).
- (ii) A cautionary note regarding non-GAAP measures and their respective reconciliations are included in Section 14 of this Management's Discussion and Analysis including a discussion and definition of Adjusted Earnings, Adjusted Earnings per Share and Adjusted Operating Cash Flows.
- (iii) The dilution effect of the convertible debt recognized in net earnings is a non-cash factor which is excluded in determining Adjusted Earnings. Therefore, the dilution effect of the convertible debt has no effect on the calculation of Adjusted Earnings per Share.

Impairment of Assets

During the year ended December 31, 2015, the Company recorded non-cash impairment charges totalling \$2.6 billion (\$1.8 billion on an after-tax basis). The following chart provides a breakdown of these impairments in addition to providing the resulting book values for assets subject to and not subject to impairments. The largest contributor to the impairment was the write-down of values relating to exploration land and potential ounces.

(In millions of US Dollars)

	Impairment drivers ⁽ⁱⁱⁱ⁾			2015		As at
	Mine Cash Flows	Value of Potential ounces	Value of Exploration Land	Total Impairment (Pre-Tax)	Total Impairment (After-Tax)	December 31, 2015
						Book Value ⁽ⁱⁱ⁾
Mineral Properties Impaired						
Gualcamayo	\$ 227	\$ 316	\$ 29	\$ 572	\$ 371	\$ 436
Argentina - exploration properties & other ⁽ⁱ⁾	—	—	\$ 510	\$ 510	\$ 336	\$ 545
Mercedes	58	133	\$ 368	\$ 559	\$ 391	\$ 174
El Peñón	—	—	\$ 544	\$ 544	\$ 339	\$ 1,414
Minera Florida	41	30	\$ 198	\$ 269	\$ 218	\$ 378
Brio Gold Inc.	92	—	\$ —	\$ 92	\$ 62	\$ 434
Alumbreira	49	—	\$ —	\$ 49	\$ 40	\$ —
Total Mineral Properties Impaired	\$ 467	\$ 479	\$ 1,649	\$ 2,595	\$ 1,757	\$ 3,381
Mineral Properties Not Impaired						
Chapada						\$ 596
Jacobina						\$ 716
Canadian Malartic and Canadian exploration portfolio						\$ 1,514
Cerro Moro						\$ 594
Agua Rica						\$ 1,139
Advance-stage and other exploration assets ^(iv)						\$ 268
Total						\$ 8,208

(i) Argentina - Exploration properties & other includes certain exploration properties such as Suyai, Don Sixto, among others, acquired by the Company as part of the Viceroy, Meridian and Extorre acquisitions.

(ii) Net Book Values are after the impairment recorded during the period.

(iii) Represents management's assessment of the value changes driving the impairments of the mineral properties.

(iv) Advance-stage and other exploration assets includes Jeronimo, La Pepa, among others.

During the fourth quarter, the Company performed its annual impairment test based on updated life of mine after-tax cash flow projections which were revised for updated 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 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. Despite the fact that the main drivers for the impairment were the decrease in value of exploration land and value of potential ounces, the impairments of mineral properties are allocated to depletable and non-depletable assets on a proportional basis, consistent with IFRS.

In the context of the current metal price trends, the Company revised exploration potential and land interest multiples of exploration concessions, as well as the long-term metal price assumptions to \$1,250 per ounce of gold, which had been higher in the previous year at \$1,300 per ounce of gold. These downward revisions of metal prices which negatively impacted future estimated cash flows, and the Company's updated view on value beyond mineral reserves and mineral resources, were the principal reason that led to the impairments of Argentina - exploration properties, Mercedes, El Peñón and Minera Florida. In respect of its exploration potential multiples and exploration concessions, the Company's evaluation of the market values is assessed relative to the implied value of potential ounces and land based on the enterprise value of comparable exploration companies and market transactions, which have experienced a sharp decline.

In the case of Gualcamayo, in addition to the downward revision of price assumptions, the impairment also recognizes that capital has been expended during periods when metal prices were significantly in excess of the current levels. Gualcamayo's carrying value includes such expended capital, and given the lower metal prices, the portion of the carrying value based on such expenditure was not supportable at the lower metal prices. Additionally, the impairment reflects the recoverable value after higher construction and operating costs than anticipated and revisions to the life of mine model in consideration of the economics of certain areas, in particular the Deep Carbonates project which requires a viable arsenic treatment technology.

Following recent efforts to divest certain assets, previously considered non-core and held within Brio Gold, the Company calculated the value for packages of properties of similar size and location, which was the basis for recent monetization efforts that were halted during the fourth quarter of 2015. The Company impaired Brio Gold assets, principally the Pilar mine, to reflect these estimated values.

In light of lower short-term copper price assumptions, coupled with the fact that Alumbra is expected to begin decommissioning by the middle of 2017, the Company concluded that a full write-down of this investment was required. The Company does not expect further profitability from Alumbra at current copper price levels.

In future periods, IFRS requires a reversal of the impairment when market conditions indicate that the fair value of the assets have increased and that the assumptions that gave rise to the impairment have changed significantly. IFRS does not allow a write-up of an asset that is in excess of its original carrying value unless it is a reversal of a prior impairment. As such, there may be significant assets whose recoverable amount may be in excess of their respective carrying values, however cannot be recognized or offset against any deficiencies from other assets.

These non-cash impairments provide no indication of future operating results and profitability. The Company remains confident in its ability to achieve production guidance and sufficiently fund commitments using current working capital, future operating cash flows and available credit facilities which provide access to additional funds.

For an additional discussion, including the assumptions used in the determination of the impairment charges, please refer to *Note 11: Impairments* to the Consolidated Annual Financial Statements for the year ended December 31, 2015.

For the year ended December 31, 2015

Net loss from continuing operations attributable to Yamana equity holders for the year ended December 31, 2015 was \$2.1 billion or \$2.24 per share, compared to net loss from continuing operations attributable to Yamana equity holders of \$1.19 billion or \$1.46 per share for the year ended December 31, 2014. Net loss from continuing operations was after non-cash impairment charges in respect of certain mines of \$1.8 billion (net of tax) and a \$210.0 million charge arising from a non-cash tax expense relating to unrealized foreign exchange rate fluctuations. Consistent with IFRS, these items have been recognized during the period incurred. The Company has excluded these items from its adjusted loss as these items are non-cash and do not reflect the underlying performance of ongoing operations. Income tax recovery for the year ended December 31, 2015 was \$647.9 million, of which \$829.5 million relates to the reversal of the deferred tax liabilities on impairment, compared to an income tax expense of \$358.8 million in 2014.

Adjusted loss (a non-GAAP measure, see *Section 14*) from continuing operations was \$73.6 million or \$0.08 per share for the year ended December 31, 2015, compared to adjusted earnings from continuing operations of \$41.5 million or \$0.05 per share for the year ended December 31, 2014. Mine operating earnings for the year ended December 31, 2015 were \$195 million, compared to \$285.8 million in 2014. Lower adjusted earnings and mine operating earnings for 2015 were attributed to lower realized metal prices of approximately 8% for gold, 17% for silver and 14% for copper, higher cash costs and depletion, depreciation and amortization expense predominantly due to higher gold sales volumes. Adjusted earnings from continuing operations for the year reflects a loss on derivative and interest expense on additional debt.

Revenue was \$1.8 billion for the year ended December 31, 2015 compared to \$1.84 billion in 2014. Higher volume of sales was offset by lower metal prices relative to 2014. Revenue for the year ended December 31, 2015 was generated from the sale of 1.25 million ounces of gold, 8.9 million ounces of silver and 126.0 million pounds of copper, excluding attributable sales from Alumbra which is accounted for as an equity investment. This compares to sales, excluding Alumbra, of 1.07 million ounces of gold, 9.9 million ounces of silver and 123.5 million pounds of copper for the year ended December 31, 2014.

The average realized price of gold in 2015 was \$1,156 per ounce compared to \$1,256 per ounce in 2014, or 8% lower. The average realized price of copper was \$2.68 per pound in 2015 compared to \$3.12 per pound in 2014, or 14% lower, and the average realized price of silver was \$15.71 per ounce in 2015 compared to \$18.84 per ounce in 2014, or 17% lower.

Revenue for the year ended December 31, 2015 was comprised of the following:

For the year ended December 31,	2015			2014		
(In millions of US Dollars; unless otherwise noted)	Quantity Sold (ii)			Revenue		Revenue
Gold (i)	1,248,401	oz	\$	1,156	\$	1,342.8
Silver	8,902,381	oz	\$	15.71	\$	186.1
Copper (i)	125,963,419	lbs	\$	2.68	\$	384.7
Gross revenue				\$	1,920.1	\$ 1,913.6
(Deduct)/add:						
- Treatment and refining charges of gold and copper concentrate				\$	(38.3)	\$ (36.2)
- Sales taxes					(26.4)	(30.8)
- Metal price adjustments related to concentrate revenue					(30.6)	(14.6)
- Other adjustments					0.1	3.1
Revenue (ii)				\$	1,824.9	\$ 1,835.1

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

(ii) Excludes Alumbra which is accounted for as an equity investment and Ernesto/Pau-a-Pique which is an asset held-for-sale.

Cost of sales excluding depletion, depreciation and amortization for the year ended December 31, 2015 was \$1.09 billion compared to \$1.05 billion in 2014. Cost of sales excluding depletion, depreciation and amortization was higher than that of 2014 due to higher sales volume slightly offset by lower costs.

The following table provides a reconciliation of the co-product cash cost to the cost of sales excluding depletion, depreciation and amortization for the year ended December 31, 2015:

<i>For the year ended December 31,</i>	2015		2014	
<i>(In millions of US Dollars; unless otherwise noted)</i>	Gold/Silver ounces or pounds of Copper Produced (iii)	Co-Product Cash Cost per Unit	Total Costs	Total Costs
Chapada — Gold	119,059 oz	\$ 331	\$ 39.4	44.7
Chapada — Silver	274,533.34 oz	3.19	0.9	1.4
Chapada — Copper	131,019,368 lbs	1.46	190.8	223.6
El Peñón — Gold	227,288 oz	621	141.1	154.1
El Peñón — Silver	7,692,811 oz	8.38	64.4	66.5
Gualcamayo — Gold	180,674 oz	814	147.0	143.5
Mercedes — Gold	84,137 oz	887	74.7	71.6
Mercedes — Silver	382,943 oz	7.91	3.0	4.3
Canadian Malartic — Gold (50% interest) (i)	285,808 oz	596	170.4	100.3
Minera Florida — Gold	112,580 oz	712	80.1	67.8
Minera Florida — Silver	660,997 oz	9.46	6.3	5.9
Jacobina — Gold	96,715 oz	788	76.2	81.6
Pilar — Gold (iv)	83,184 oz	708	58.9	14.6
Fazenda Brasileiro — Gold (iv)	60,914 oz	702	42.8	51.6
Co-product cash cost of sales (ii)		\$	1,096.0	1,031.5
Add (deduct):				
- Inventory movements and adjustments			16.5	28.9
- Treatment and refining charges of gold and copper concentrate			(38.3)	(36.2)
- Commercial and other costs			2.4	7.0
- Overseas freight for Chapada concentrate			11.4	14.6
Cost of sales excluding depletion, depreciation and amortization (iii)		\$	1,088.0	1,045.8

(i) For the period from acquisition on June 16, 2014.

(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) Excludes Alumbreira which is accounted for as an equity investment and Ernesto/Pau-a-Pique which is a discontinued operation.

(iv) Pilar and Fazenda Brasileiro are held within Brio Gold.

Depletion, depreciation and amortization ("DDA") expense for the year ended December 31, 2015 was \$541.9 million, compared to \$503.5 million in 2014. Higher DDA was attributable to additional DDA following the acquisition of Canadian Malartic which closed at the end of the second quarter in 2014 and Pilar which completed commissioning October 1, 2014 in addition to higher gold sales volumes.

Other expenses, as discussed below, include general and administrative, exploration and evaluation, other and net finance expenses were \$329.7 million for the year ended December 31, 2015, compared to \$361.9 million in 2014. For the year ended December 31, 2015:

- General and administrative ("G&A") expenses were \$118.0 million, in line with the \$122.4 million in 2014. Results reflect the cost containment initiatives undertaken by the Company to respond to the current economic environment, offset by the inclusion of full-year G&A expenses related to Canadian Malartic compared to expenses for six months in 2014 and some additional expenses in relation to the formation of Brio Gold.
- Exploration and evaluation expenses were \$23.1 million, compared to \$20.0 million incurred in 2014. Higher exploration and evaluation expenses, relative to 2014, are the result of additional funds spent on near-mine exploration mainly at El Peñón and Mercedes.

- Other expenses were \$71.4 million, compared to \$189.2 million in 2014. Other expenses in 2014 reflect non-recurring provisions, demobilization and reorganization costs and transaction costs related to the acquisition of a 50% interest in Osisko with no current period comparative balance.
- Net finance expense was \$117.2 million, compared to \$30.3 million in 2014. Higher net finance expense reflects higher interest expense due to additional long-term debt associated with the acquisition of Canadian Malartic in June, 2014 and lower capitalized interest on projects compared to the same period of 2014 in addition to a loss on derivatives in the current year, compared to a gain in the prior period.

Equity loss from Alumbra was \$17.5 million for the year ended December 31, 2015 compared to equity loss of \$7.1 million for the same period of 2014. Equity loss was due to lower metal prices and impairment of assets attributable from Alumbra. Cash dividends received from the Company's equity investment in Alumbra during 2015 were \$nil compared to \$44.2 million in 2014.

Metal Purchase Agreements

On October 27th, 2015, the Company entered into three metal purchase agreements with Sandstorm Gold Ltd. ("Sandstorm"), for which Sandstorm paid the Company total cash payments of \$148 million and issued the Company 15 million common share purchase warrants with a five year term and strike price of \$3.50 (the "Transaction"). The warrants are exercisable when the Company has incurred an additional \$40 million in capital expenditures in respect of the development and construction of the Cerro Moro Mine. Sandstorm will also pay the Company an additional cash payment of \$4 million, payable on April 26th, 2016. The metal purchase agreements include a silver purchase contract referenced to production from Cerro Moro, Minera Florida and Chapada, a copper purchase transaction referenced to production from Chapada, and a gold purchase transaction referenced to production from Agua Rica. All amounts received were used to reduce the balance outstanding on the revolving credit facility.

The advanced payments were accounted as deferred revenue. The Company records a portion of the deferred revenue as sales, when substantial risks and rewards of the metals have been transferred to Sandstorm. The Transaction is unsecured and is subject to customary guarantees by the entities involved (refer to *Note 26(ii): Other Provisions and Liabilities* to the Consolidated Annual Financial Statements for further details).

Acquisition of Mega Precious Metal Inc.

On June 22nd, 2015, the Company acquired all of the issued and outstanding common shares of Mega Precious Metals Inc. ("Mega Precious"). Mega Precious is a Canadian-based exploration company with a high quality pipeline of projects located in the mining-friendly jurisdictions of Manitoba, Northwestern Ontario and Nunavut. The most significant and advanced project is the Monument Bay gold/tungsten project located in northeastern Manitoba.

Total consideration paid for the acquisition of Mega Precious was \$14.5 million (C\$17.8 million) which consisted of approximately \$0.2 million in cash, \$14.0 million in Yamana common shares (4,366,675 shares) and transaction costs. Under the terms of the Agreement, each Mega Precious shareholder received \$0.068 per share comprised of C\$0.001 in cash and 0.02092 of a Yamana common share for each Mega common share held. As part of the acquisition and included in the total consideration paid, the Company acquired the Pacific Road convertible notes totalling \$2.4 million, and issued 744,187 Yamana common shares at \$3.21 (C\$3.94) per share, which concurrently terminated the Pacific Road Agreement.

The transaction advances the Company's strategy to expand its presence in Canada as the significant existing mineral resource base at Monument Bay and North Madsen projects, in particular, provide an opportunity for further exploration to meaningfully increase the potential of these assets.

Bought Deal Equity Offering

On February 3rd, 2015, the Company closed on a bought deal offering of 49.1 million common shares at a share price of C\$5.30 per share for gross proceeds of approximately C\$260.2 million (the "Offering"). The shares were offered by way of a short-form prospectus in all of the provinces of Canada. In addition, the Company granted to the underwriters an option (the "Over-Allotment Option") to purchase from the Company up to an additional 7.4 million common shares at a price of C\$5.30 per share for a total of 56.5 million common shares, on the same terms and conditions as the Offering, exercisable any time, in whole or in part, until the date that was 30 days after and including the closing date of the Offering. The Over-Allotment Option was exercised in full, bringing the total gross proceeds to the Company of C\$299.3 million. The net proceeds of the Offering were used for general corporate purposes, to reduce the Company's debt position and to overall further strengthen the balance sheet. This action provided flexibility and placed the Company in a stronger position to deliver future growth.

5.2 Annual Overview of Operating Results

For the year ended December 31, 2015

Gold production for 2015 was in line with the Company's annual guidance and achieved another production record. Lower silver production resulted from planned lower grades and lower grade areas at El Peñón impacted by the transition from the periphery areas of Aleste-Bonanza, where grades have been more erratic, into other vein structures. Lower cash costs overall reflect the implementation of several cost reduction initiatives during the year and the devaluation of foreign currencies against the US Dollar.

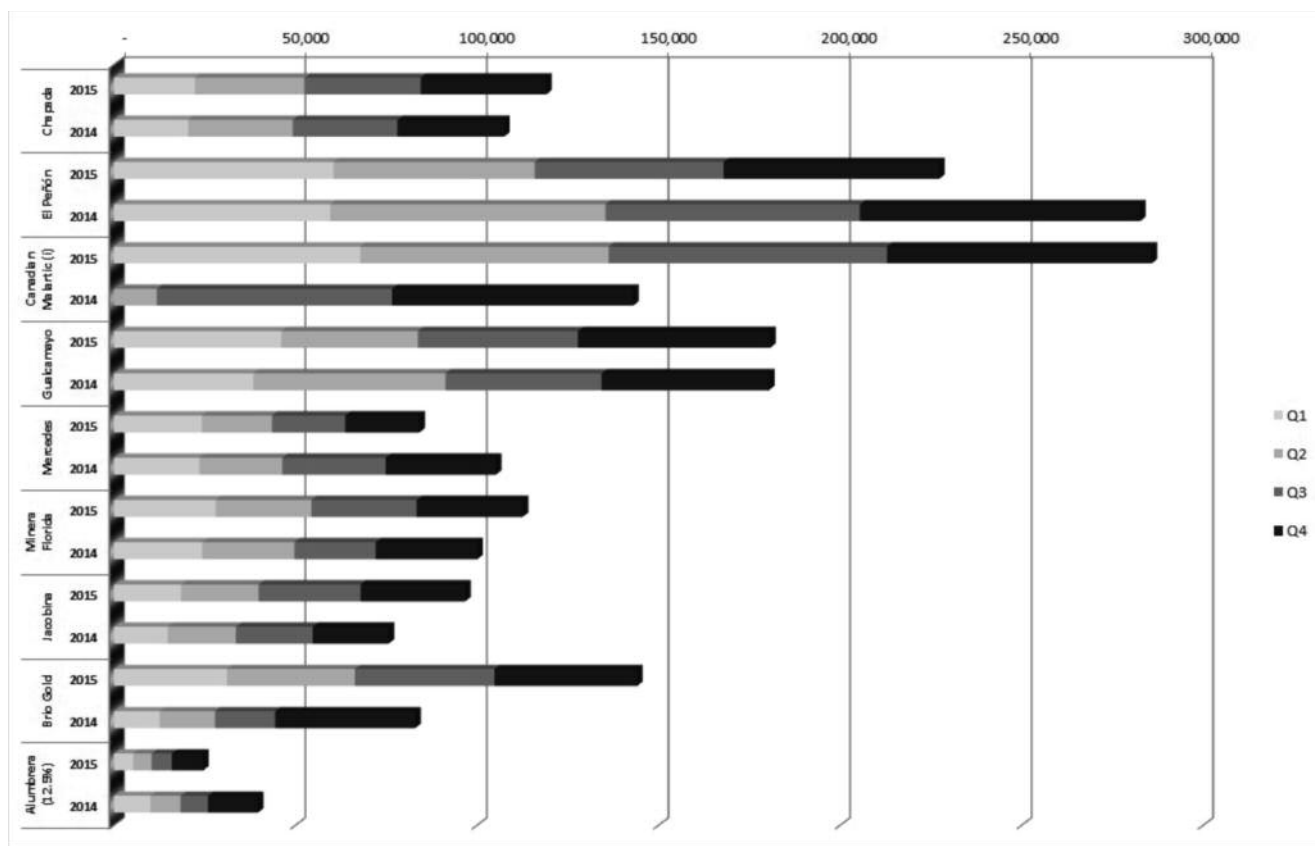
Building on the successes of 2014, 2015 was a transition year in which the Company focused on streamlining and optimizing operations to deliver organic growth at sustainable costs. This is and will continue to be an imperative in a low price environment making operations resilient, with a focus on liquidity and cash flow.

Gold

Record production for the year ended December 31, 2015 of 1.28 million ounces of gold, compared to 1.20 million ounces of gold produced in 2014, representing a 6% increase. Total production includes production from continuing operations of 1.27 million ounces of gold, compared to 1.18 million in 2014. Production at most mines was generally in line with or above targets, except for El Peñón, Mercedes and Jacobina each of which experienced quarter-over-quarter operational improvements in the second half of 2015. Among the most notable annual production results includes record gold production from Gualcamayo, Canadian Malartic and Minera Florida in addition to increases in production over 2014 from Jacobina of 28% and Chapada of 11%.

Following the concerted efforts to streamline operations and improve resource models and mine plans, the Company expects to deliver gold production in the range of 1.23 to 1.31 million in 2016.

The following summarizes the cumulative effect of ounces of gold production at each mine for the years ended December 31, 2015 and December 31, 2014:



(i) The Company holds a 50% interest in Canadian Malartic, the acquisition of which closed June 16, 2014.

Cash costs from continuing operations (a non-GAAP measure, see *Section 14*) for the year ended December 31, 2015 averaged \$596 per ounces of gold, compared to \$516 per ounces of gold in 2014. Cash costs were impacted by a lower copper credit contribution due to a decline in the copper price. The average realized price for copper in the year ended 2015 was 14% lower compared to the average in 2014. Cash costs and co-product cash costs were impacted by planned lower grades at certain mines, offset by the devaluation of foreign currencies compared to the year ended December 31, 2014. Co-product cash costs from continuing operations (a non-GAAP measure, see *Section 14*) for the year ended 2015 were \$662 per ounces of gold benefiting from higher production, compared to \$665 per ounces of gold in 2014. Co-product cash costs for the year ended 2014 from cornerstone assets were \$659 per ounces of gold, compared to \$667 in 2014.

All-in sustaining costs from continuing operations ("AISC", a non-GAAP measure, see *Section 14*) were \$842 per ounce of gold, compared to \$857 per ounces of gold for the year ended 2014. On a co-product basis, AISC were \$868 per ounces of gold for the year ended 2015, compared to \$954 for the year ended 2014. AISC on a co-product basis from core assets were \$802 per ounce of gold for the year ended 2015 or 11% lower, compared to the \$901 in 2014.

Following a period of sustained decline in the foreign currencies in which the Company operates coupled with market expectations of US Dollar strength going forward, the Company will continue to benefit in the form of lower operating costs, given that the foreign exchange requirements for 2016 and beyond are unhedged.

Silver

Silver production for the year ended December 31, 2015 was 9.0 million ounces compared to 10.1 million ounces of silver for the same period of 2014. Cash costs from continuing operations for 2015 were \$7.12 per ounce of silver, impacted by lower production and lower by-

product copper credits when compared to \$5.91 per ounce of silver in the same period of 2014. Cash costs from continuing operations on a co-product basis were \$8.28 per ounce of silver, compared to \$7.70 per ounce of silver in 2014. Lower expected grades at some mines and the transitional lower grades at El Peñón resulted in lower production at higher costs.

Copper

Copper production for the year ended 2015 was 131.0 million pounds from the Chapada mine, compared to 133.5 million pounds in 2014. A total of 17.0 million pounds of copper produced from Alumbra were attributable to the Company, compared to 28.3 million pounds for the year ended December 31, 2014. Total copper production for the year ended 2015 was 148.0 million pounds, compared to 161.7 million pounds in 2014. Lower throughput at the Chapada mine resulted in lower production and are expected to continue into 2016, for which, production is expected to be in the 122 to 125 million pounds range.

Co-product cash costs per pound of copper (a non-GAAP measure, see *Section 14*) were \$1.46 per pound for the year ended December 31, 2015 from the Chapada mine compared to \$1.68 per pound of copper in 2014. Co-product cash costs per pound of copper for the year ended December 31, 2015 including the Company's interest in Alumbra was \$1.68 per pound in line, compared to \$1.77 per pound in 2014.

5.3 Fourth Quarter Overview of Financial Results

<i>For the three months ended December 31, (In millions of US Dollars; unless otherwise noted)</i>		2015	2014
Revenues		463.0	542.9
Cost of sales excluding depletion, depreciation and amortization		(269.7)	(318.6)
Gross margin		193.3	224.3
Depletion, depreciation and amortization		(146.4)	(136.7)
Mine operating earnings		46.9	87.6
Other expenses (i)		(135.3)	(142.1)
Equity (loss)/earnings from associate		(0.2)	3.6
Impairment of mineral properties		(2,595.3)	(213.0)
Earnings from operations before income taxes		(2,683.9)	(263.9)
Income tax recovery/(expense)		841.7	(35.6)
Net loss from continuing operations		(1,842.2)	(299.5)
Earnings/(loss) from discontinuing operations		0.2	(35.7)
Net loss		(1,842.0)	(335.2)
Earnings adjustments (ii):			
Net loss from continuing operations		(1,842.2)	(299.5)
Non-cash unrealized foreign exchange (gains)/losses		17.1	(1.6)
Share-based payments/mark-to-market of deferred share units		7.6	(2.0)
Demobilization and reorganization costs		0.9	11.4
Transaction costs related to the acquisition of Osisko		—	(1.6)
Loss on sale of assets		5.0	—
Impairment of mineral properties		2,595.3	213.0
Impairment of investment in available-for-sale securities and other assets		35.9	19.7
Other non-recurring provisions and other adjustments		(2.2)	51.9
Adjusted earnings/(loss) before income tax effect		817.4	(8.7)
Non-cash tax on unrealized foreign exchange gains		0.6	31.1
Income tax effect of adjustments		(825.5)	(38.6)
Adjusted loss from continuing operations (iii)		(7.5)	(16.2)
Loss per share from continuing operations attributable to Yamana Gold Inc. equity holders - basic	\$	(1.95)	\$ (0.34)
Loss per share from continuing operations attributable to Yamana Gold Inc. equity holders - diluted	\$	(1.95)	\$ (0.35)
Loss per share attributable to Yamana Gold Inc. equity holders - basic	\$	(1.95)	\$ (0.38)
Loss per share attributable to Yamana Gold Inc. equity holders - diluted	\$	(1.95)	\$ (0.39)
Adjusted loss per share from continuing operations attributable to Yamana Gold Inc. equity holders (ii)(iii) - basic and diluted	\$	(0.01)	\$ (0.02)
Adjusted Operating Cash Flows (ii):			
Cash flows from operating activities before changes in working capital	\$	297.6	\$ 166.4
Cash portion of deferred revenue		(148.0)	—
Cash portion of reorganization costs		0.9	10.3
Adjusted Operating Cash Flows	\$	150.5	\$ 176.7

- (i) For the three-months ended December 31, 2015, other expenses represent the aggregate of the following expenses: general and administrative of \$28.1 million (2014 - \$29.4 million), exploration and evaluation of \$7.1 million (2014 - \$5.9 million), other operating expense of \$37.2 million (2014 - \$99.0 million) and net finance expense of \$63.0 million (2014 - finance income \$7.8 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, Adjusted Earnings per Share and Adjusted Operating Cash Flows.
- (iii) The dilution effect of the convertible debt recognized in net earnings is a non-cash factor which is excluded in determining Adjusted Earnings. Therefore, the dilution effect of the convertible debt has no effect on the calculation of Adjusted Earnings per share.

For the three months ended December 31, 2015

Net loss from continuing operations attributable to Yamana equity holders for the three months ended December 31, 2015 was \$1.84 billion or \$1.95 per share basic and diluted, compared to net loss from continuing operations attributable to Yamana equity holders of \$299.5 million

or \$0.34 per share basic and \$0.35 per share diluted for the three months ended December 31, 2014. Net loss from continuing operations includes the non-cash impairment charges totalling \$2.6 billion (\$1.8 billion on an after-tax basis).

Adjusted loss (a non-GAAP measure, see *Section 14*) from continuing operations was \$7.5 million or \$0.01 per share for the three months ended December 31, 2015, compared to adjusted loss of \$16.2 million or \$0.02 per share for the same period of 2014. Mine operating earnings for the three months ended December 31, 2015 were \$46.9 million, compared to \$87.6 million for the same period in 2014. Adjusted loss and mine operating earnings for the period were due to lower sales and lower realized metal prices of approximately 8% for gold, 10% for silver and 26% for copper, and higher depletion, depreciation and amortization, and higher taxes.

Income tax recovery for the three months ended December 31, 2015 was \$841.7 million, of which a recovery of \$829.5 million relates to the reversal of the deferred tax liabilities on impairment partly offset by the income tax expense for the period, compared to an income tax expense of \$35.6 million for the same period in 2014.

Revenue for the three months ended December 31, 2015 was \$463.0 million, compared to the \$542.9 million for the same period of 2014, as a result of lower sales quantities of gold and silver and lower metal prices. Revenue for the fourth quarter was generated from the sale of 342,194 ounces of gold, 1.9 million ounces of silver and 38.6 million pounds of copper, excluding attributable sales from Alumbra which is accounted for as an equity investment. This compares to sales, excluding Alumbra, of 346,588 ounces of gold, 2.8 million ounces of silver and 33.8 million pounds of copper for the three months ended December 31, 2014.

The average realized price of gold in the fourth quarter of 2015 was \$1,101 per ounce compared to \$1,199 per ounce for the same quarter in 2014, or 8% lower and the average realized silver price was \$14.67 per ounce compared to \$16.39 per ounce for the same quarter in 2014, or 10% lower. The average realized price of copper was \$2.22 per pound comparable to the \$2.99 per pound for the fourth quarter in 2014, or 26% lower.

Revenue for the quarter was comprised of the following:

<i>For the three months ended December 31,</i>		2015		2014	
<i>(In millions of US Dollars; unless otherwise noted)</i>		Quantity Sold (ii)	Realized Price	Revenue	Revenue
Gold (i)		342,194 oz	\$ 1,101	\$ 376.9	\$ 415.6
Silver		1,884,819 oz	14.67	27.6	45.4
Copper (i)		38,592,240 lbs	2.22	85.5	101.0
Gross revenue				\$ 490.0	\$ 562.0
(Deduct)/add:					
- Treatment and refining charges of gold and copper concentrate				(13.1)	(10.3)
- Sales taxes				(6.5)	(7.3)
- Metal price adjustments related to concentrate revenue				(7.5)	(8.4)
- Other adjustments				0.1	6.8
Revenue (ii)				\$ 463.0	\$ 542.8

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

(ii) Excludes Alumbra which is accounted for as an equity investment and Ernesto/Pau-a-Pique which is an asset held-for-sale.

Cost of sales excluding depletion, depreciation and amortization for the three months ended December 31, 2015 was \$269.7 million compared to \$318.7 million for the same period in 2014. Cost of sales excluding depletion, depreciation and amortization for the fourth quarter was lower than that of the same period in 2014 reflecting cost reduction initiatives implemented and lower sales volume as planned mine sequencing called for mining from lower grade areas at certain mines.

The following table provides a reconciliation of the co-product cash cost (a non-GAAP measure, see *Section 14*) to the cost of sales excluding depletion, depreciation and amortization for the quarter:

For the three months ended December 31,	2015		2014	
	Gold/Silver ounces or pounds of Copper Produced (iii)	Co-Product Cash Cost per Unit	Total Costs	Total Costs
(In millions of US Dollars; unless otherwise noted)				
Chapada — Gold	34,498 oz	\$ 280	\$ 9.6	10.7
Chapada — Silver	70,547 oz	3.06	0.2	0.3
Chapada — Copper	36,606,058 lbs	1.30	47.6	54.8
El Peñón — Gold	59,375 oz	544	32.3	41.4
El Peñón — Silver	1,584,280 oz	9.32	14.8	17.9
Gualcamayo — Gold	52,864 oz	798	42.2	40.8
Mercedes — Gold	20,407 oz	852	17.4	19.0
Mercedes — Silver	102,116 oz	6.91	0.7	1.1
Canadian Malartic — Gold (50% interest) (i)	72,872 oz	606	44.1	45.4
Minera Florida — Gold	29,180 oz	666	19.4	17.7
Minera Florida — Silver	202,643 oz	7.49	1.5	1.5
Jacobina — Gold	28,727 oz	609	17.5	20.1
Pilar — Gold (iv)	21,326 oz	609	13.0	14.8
Fazenda Brasileiro — Gold (iv)	17,953 oz	586	10.5	11.0
Co-product cash cost of sales (ii)		\$	270.8	296.5
Add (deduct):				
- Inventory movements and adjustments			7.5	23.1
- Treatment and refining charges of gold and copper concentrate			(13.1)	(10.3)
- Commercial and other costs			1.1	5.4
- Overseas freight for Chapada concentrate			3.4	3.9
Cost of sales excluding depletion, depreciation and amortization (iii)		\$	269.7	318.6

(i) For the period from acquisition on June 16, 2014.

(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) Excludes Alumbreira which is accounted for as an equity investment and Ernesto/Pau-a-Pique which is a discontinued operation.

(iv) Pilar and Fazenda Brasileiro are held within Brio Gold.

Depletion, depreciation and amortization ("DDA") expense for the three months ended December 31, 2015 was \$146.4 million compared to \$136.7 million for the same period of 2014. DDA expense is highly impacted by the higher cost of certain capitalized development areas and the areas that were mined during the current period that may have a different cost per ounce, resulting in a variation in cost per unit from period to period.

Other expenses, as discussed below, include general and administrative, exploration and evaluation, other and net finance expenses were \$135.3 million for the three months ended December 31, 2015, compared to \$142.1 million for the same period in 2014:

- General and administrative expenses were \$28.1 million, compared to \$29.4 million for the same period in 2014. Results reflect the cost containment initiatives undertaken by the Company to respond to the current economic environment, offset by some additional expenses in relation to the formation of Brio Gold.
- Exploration and evaluation expenses were \$7.1 million, compared to \$5.9 million for the same period in 2014. Higher exploration and evaluation expenses, relative to 2014, are the result of additional funds at several mines including El Peñón and Mercedes.

- Other expenses were \$37.2 million, compared to \$99.0 million for the same period of 2014. Other expenses in 2014 includes increases in provisions for legal proceeding including silicosis and other provisions with no current period comparative.
- Net finance expense was \$63.0 million compared to net finance expense of \$7.8 million for the same period in 2014. Higher net finance expense reflects losses of \$14.6 million on derivatives in the current year, compared to gains on derivatives and other gains in the comparative period in 2014. Net finance expense also includes a foreign exchange loss of \$17.2 million, compared to a loss of \$0.9 million in the comparative period in 2014.

Equity loss from Alumbra of \$0.2 million for the three months ended December 31, 2015 compared to equity earnings of \$3.6 million for the three months ended December 31, 2014. Cash dividends received during the three months ended December 31, 2015 from the Company's equity investment in Alumbra were \$nil compared to \$3.6 million for the same period in 2014.

5.4 Fourth Quarter Overview of Operating Results

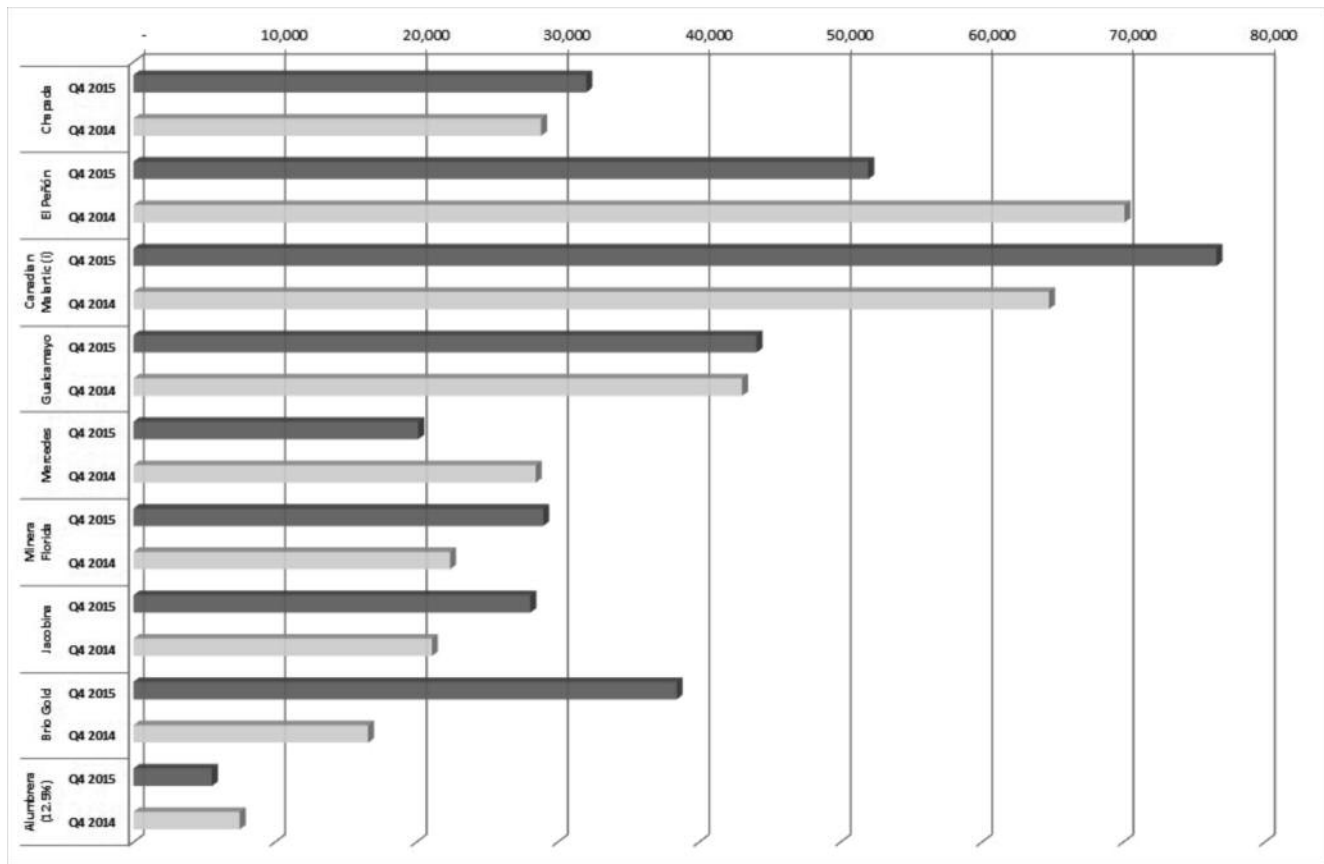
For the three months ended December 31, 2015

Gold production for the fourth quarter was in line with the comparative period in 2014 and lower for silver. Production at most mines was generally in line with or above targets and higher than the third quarter production.

Gold

Fourth quarter production of 345,788 ounce of gold, compared to 352,572 ounce of gold produced in the fourth quarter of 2014. Total production includes production from continuing operations of 345,788 ounce of gold, compared to 350,158 ounce of gold in the fourth quarter of 2014. Production from cornerstone assets for the fourth quarter was 297,922 ounce of gold, in line with 297,986 ounce of gold in 2014. Significant quarterly increases over the fourth quarter of 2014 includes an increase of 18% at Chapada, 10% at Canadian Malartic, 15% at Gualcamayo and 37% at Jacobina.

The following summarizes the ounce of gold production by mine for the fourth quarter of 2015, relative to the comparative quarter in 2014:



(i) The Company holds a 50% interest in Canadian Malartic, the acquisition of which closed June 16, 2014.

Total fourth quarter gold production was 6% higher than the third quarter of 2015 mainly attributable to production from the cornerstone mines. Increases in production from the third quarter included increases of 20% at Gualcamayo, 14% at El Peñón and 8% at Chapada, partly offset by decrease in production of 5% at Malartic.

Cash costs from continuing operations (a non-GAAP measure, see *Section 14*) for the fourth quarter of 2015 averaged \$541 per ounce of gold, compared to \$513 per ounce of gold in the fourth quarter of 2014. Cash costs were impacted by lower by-product copper credits. Co-product cash costs from continuing operations (a non-GAAP measure, see *Section 14*) for the fourth quarter were \$605 per ounce of gold lower, compared to \$640 per ounce of gold for the fourth quarter of 2014 representing a 6% decrease.

All-in sustaining costs from continuing operations ("AISC", a non-GAAP measure, see *Section 14*) were \$753 per ounce of gold, compared to \$816 per ounce of gold in the fourth quarter of 2014. AISC for the fourth quarter from cornerstone assets were \$683 per ounce of gold, compared to \$748 per ounce of gold in the third quarter and \$776 per ounce of gold in the fourth quarter of 2014. On a co-product basis, AISC from continuing operations were \$784 per ounce of gold for the fourth quarter, compared to \$893 per ounce of gold for the fourth quarter of 2014. AISC on a co-product basis for the fourth quarter from cornerstone assets were \$738 per ounce of gold, compared to \$790 per ounce of gold in the third quarter and \$869 per ounce of gold in the fourth quarter of 2014.

Silver

Fourth quarter silver production was 2.0 million ounces compared to the 2.7 million ounces of silver in the same quarter of 2014 as mine plan in certain locations called for mining from areas with lower silver grades. Production was also impacted by lower grades from the more erratic areas in the periphery of higher grade ore bodies at El Peñón. Cash costs for the fourth quarter of 2015 were \$7.48 per ounce of silver,

impacted by lower production and lower by-product copper credits when compared to \$5.86 per ounce of silver in the fourth quarter of 2014. Cash costs on a co-product basis for the fourth quarter were \$8.78 per ounce of silver, compared to \$7.88 per ounce of silver in the fourth quarter of 2014.

Copper

Total copper production for the three months ended December 31, 2015 was 43.7 million pounds, compared to 44.0 million pounds for the same period of 2014. Copper production for the fourth quarter was 36.6 million pounds from the Chapada mine, compared to 35.0 million pounds for the same period of 2014. A total of 7.1 million pounds of copper produced from Alumbreira were attributable to the Company, compared to 9.1 million pounds for the three months ended December 31, 2014.

Co-product cash costs per pound of copper (a non-GAAP measure, see *Section 14*) were \$1.30 per pound from the Chapada mine, compared to \$1.57 per pound of copper in the fourth quarter of 2014. Co-product cash costs per pound of copper for the quarter including the Company's interest in Alumbreira were \$2.04 per pound compared to \$1.78 per pound for the fourth quarter of 2014.

6. OPERATING MINES

CHAPADA, BRAZIL

Operating Statistics	For the three months ended December 31,			For the years ended December 31,		
	2015	2014		2015	2014	
Production						
Concentrate (tonnes)	70,255	63,955	10%	242,523	245,779	(1)%
Gold contained in concentrate (ounces)	34,498	29,270	18%	119,059	107,447	11%
Silver contained in concentrate (ounces)	70,547	73,310	(4)%	274,533	296,955	(8)%
Copper contained in concentrate (millions of pounds)	36.6	35.0	5%	131.0	133.5	(2)%
Cash costs per gold ounce produced (i)	\$ (432)	\$ (1,036)	(58)%	\$ (520)	\$ (879)	(41)%
Cash costs per silver ounce produced (i)	\$ (32.94)	\$ (68.48)	(52)%	\$ (35.00)	\$ (56.46)	(38)%
Co-product cash costs per gold ounce produced (i)	\$ 280	\$ 366	(23)%	\$ 331	\$ 416	(20)%
Co-product cash costs per silver ounce produced (i)	\$ 3.06	\$ 4.70	(35)%	\$ 3.19	\$ 4.78	(33)%
Co-product cash costs per pound of copper produced (i)	\$ 1.30	\$ 1.57	(17)%	\$ 1.46	\$ 1.68	(13)%
Ore mined (tonnes)	6,141,855	4,650,263	32%	19,959,943	18,828,710	6%
Waste mined (tonnes)	7,428,183	6,512,677	14%	24,784,951	24,668,038	—%
Ore processed (tonnes)	5,421,519	5,041,152	8%	19,896,894	20,360,659	(2)%
Gold feed grade (g/t)	0.36	0.31	18%	0.33	0.28	18%
Copper feed grade (%)	0.39	0.40	(3)%	0.37	0.37	—%
Concentrate grade - gold (g/t)	15.27	14.24	7%	15.27	13.60	12%
Concentrate grade - copper (%)	23.63	24.80	(5)%	24.50	24.63	(1)%
Gold recovery rate (%)	54.2	57.7	(6)%	56.8	58.9	(4)%
Copper recovery rate (%)	78.7	78.0	1%	80.0	79.6	1%
Sales (ii)						
Concentrate (tonnes)	74,538	66,534	12%	240,790	241,578	—%
Payable ounces contained in concentrate						
Payable gold contained in concentrate (ounces)	41,154	31,533	31%	121,477	97,775	24%
Payable silver contained in concentrate (ounces)	60,907	44,884	36%	205,127	130,949	57%
Payable copper contained in concentrate (millions of pounds)	38.6	33.8	14%	126.0	123.5	2%
Treatment and refining charges of gold and copper concentrate	\$ (13.1)	\$ (10.3)	27%	\$ (38.3)	\$ (36.2)	6%
Metal price adjustments related to concentrate revenue	\$ (7.5)	\$ (8.4)	(11)%	\$ (30.6)	\$ (14.6)	110%
Depletion, depreciation and amortization						
Per gold ounces sold	\$ 120	\$ 85	41%	\$ 111	\$ 108	3%
Per silver ounces sold	\$ 1.60	\$ 1.43	12%	\$ 1.51	\$ 1.66	(9)%
Per copper pound sold	\$ 0.24	\$ 0.27	(11)%	\$ 0.24	\$ 0.28	(14)%

(i) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

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

Chapada delivered on expectations in the fourth quarter of 2015, following sequential quarter-over-quarter increases, meeting overall production targets for 2015, at 11% higher gold production than 2014. The Company continues to pursue efforts to further improve operational performance, with targets to increase recoveries and throughput with minimal capital expenditures, in addition to the implementation of cost improvement initiatives. In particular, the retrofit of the flotation circuit is on schedule to be completed in the second quarter of 2016, expected to improve flotation recoveries, costs and overall plant availability. Other initiatives in the crushing and grinding circuit are aimed towards improving available time and utilization in these areas. These improvements are designed with a focus to ensure that this cornerstone asset continues to deliver value in a low price environment.

Higher gold production, compared to the fourth quarter of 2014 and to the third quarter of 2015, was due to planned higher gold feed grades partially offset by lower recoveries resulting from the increased Corpo Sul contribution. Payable ounces of gold also increased due to higher ore grade. Higher copper production compared to the fourth quarter of 2014 was due to higher throughput and recovery. Silver production was slightly higher than the third quarter of 2015 and lower compared to the fourth quarter of 2014.

Cash costs for the fourth quarter were impacted by a 26% decline in the realized price of copper and the expiry of favourable copper contracts, resulting in a lower by-product credit for the fourth quarter of 2015 compared to the fourth quarter of 2014. Cash costs for the year were similarly impacted by a 14% lower realized price resulting in a lower by product credit partly offset by higher sales volume.

Lower co-product cash costs for gold and copper compared to the fourth quarter of 2014 and compared to the third quarter of 2015 were due to increased production, the further devaluation of the Brazilian Real and several cost containment initiatives implemented earlier in 2015.

Chapada produced 119,059 ounces of gold and 274,533 ounces of silver for 2015, compared to 107,447 ounces of gold and 296,955 ounces of silver in 2014. Co-product cash costs were \$331 per ounce of gold and \$3.19 per ounce of silver in 2015, compared to \$416 per ounce of gold and \$4.78 per ounce of silver in 2014.

Copper production was 131.0 million pounds in 2015, compared to production of 133.5 million pounds of copper in 2014. Co-product cash costs for copper were \$1.46 per pound in 2015, compared to \$1.68 per pound in 2014.

In the fourth quarter of 2015, Chapada produced 34,498 ounces of gold and 70,547 ounces of silver compared to 29,270 ounces of gold and 73,310 ounces of silver for the same quarter of 2014. Co-product cash costs were \$280 per ounce of gold and \$3.06 per ounce of silver in the fourth quarter, compared to \$366 per ounce of gold and \$4.70 per ounce of silver in the same quarter of 2014.

Copper production was 36.6 million pounds in the fourth quarter of 2015, compared to production of 35.0 million pounds of copper for the same quarter of 2014. Co-product cash costs for copper were \$1.30 per pound in the third quarter compared to \$1.57 per pound for the same quarter of 2014.

EL PEÑÓN, CHILE

Operating Statistics	For the three months ended December 31,			For the years ended December 31,		
	2015	2014		2015	2014	
Production						
Gold production (ounces)	59,375	77,111	(23)%	227,288	282,617	(20)%
Silver production (ounces)	1,584,280	2,286,949	(31)%	7,692,811	8,475,133	(9)%
Co-product cash costs per gold ounce produced (i)	\$ 544	\$ 537	1%	\$ 621	\$ 545	14%
Co-product cash costs per silver ounce produced (i)	\$ 9.32	\$ 7.81	19%	\$ 8.38	\$ 7.85	7%
Ore mined (tonnes)	296,361	369,872	(20)%	1,177,506	1,499,030	(21)%
Ore processed (tonnes)	343,081	382,194	(10)%	1,418,130	1,475,858	(4)%
Gold feed grade (g/t)	5.66	6.66	(15)%	5.32	6.36	(16)%
Silver feed grade (g/t)	165.86	215.87	(23)%	194.02	211.96	(8)%
Gold recovery rate (%)	94.7	92.8	2%	93.6	93.3	—%
Silver recovery rate (%)	85.8	84.9	1%	86.9	83.9	4%
Sales						
Gold (ounces)	56,709	79,086	(28)%	224,753	280,471	(20)%
Silver (ounces)	1,528,409	2,373,974	(36)%	7,659,236	8,342,367	(8)%
Depletion, depreciation and amortization						
Per gold ounce sold	\$ 401	\$ 331	21%	\$ 404	\$ 359	13%
Per silver ounce sold	\$ 5.35	\$ 5.42	(1)%	\$ 5.49	\$ 5.51	—%

(i) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

At El Peñón, fourth quarter production resumed at a normalized level following planned lower production in the second and third quarters of 2015, following the transition from the periphery areas of Aleste-Bonanza, where grades had been more erratic, into other vein structures. Normalized production level in 2016 is expected to be comparable to the rate of production established in the first and fourth quarter to an annual range of between 235,000 to 250,000 ounces of gold and silver production in the range of 5.8 to 6 million ounces. Furthermore, in 2016, the Company will focus on improving operation efficiency with a goal to increase mine productivity by 5% and a continued focus on reducing costs.

Fourth quarter gold production increased by 14% compared to the third quarter due to planned production contribution from higher grade areas in both the north and south mines. Gold and silver production were lower compared to the fourth quarter of 2014, mostly as a result of lower gold and silver grades and lower throughput partially offset by higher recoveries. Lower gold and silver grades and local inflationary pressures also resulted in higher costs per ounce during the quarter compared to the fourth quarter of 2014 offset by cost reductions initiated in the first half of the year and the devaluation of the Chilean Peso.

The Company continues to focus on exploration at El Peñón aiming to extend mine life and promptly bring into production near mine discoveries. In particular, areas such as Tres Tontos W, Cerro Pampa Providencia and Borde Norte and the most recently discovered Ventura mineralization.

El Peñón produced 227,288 ounces of gold and 7.7 million ounces of silver in 2015, compared to 282,617 ounces of gold and 8.5 million ounces of silver in 2014. Cash costs were \$621 per ounce of gold and \$8.38 per ounce of silver in 2015, compared to \$545 per ounce of gold and \$7.85 per ounce of silver in 2014.

In the fourth quarter of 2015, El Peñón produced 59,375 ounces of gold and 1.6 million ounces of silver, compared to 77,111 ounces of gold and 2.3 million ounces of silver for the same quarter of 2014. Cash costs were \$544 per ounce of gold and \$9.32 per ounce of silver in the fourth quarter of 2015, compared to \$537 per ounce of gold and \$7.81 per ounce of silver in the same quarter of 2014.

CANADIAN MALARTIC (50% interest), CANADA

Operating Statistics (i)	For the three months ended December 31,			For the years ended December 31,		
	2015	2014		2015	2014	
Production						
Gold production (ounces)	72,872	66,369	10%	285,809	143,008	100 %
Co-product cash costs per gold ounce produced (ii)	\$ 606	\$ 684	(11)%	\$ 596	\$ 702	(15)%
Ore mined (tonnes)	2,673,107	2,623,252	2%	10,511,509	5,451,124	93 %
Waste mined (tonnes)	5,005,634	5,649,924	(11)%	22,285,770	12,930,610	72 %
Ore processed (tonnes)	2,427,866	2,448,662	(1)%	9,544,763	5,263,271	81 %
Gold feed grade (g/t)	1.06	0.95	12%	1.05	0.95	11 %
Gold recovery rate (%)	88.0	89.2	(1)%	88.9	89.2	— %
Sales						
Gold sales (ounces)	76,017	69,965	9%	287,704	149,952	92 %
Depletion, depreciation and amortization						
Per gold ounce sold	\$ 382	\$ 289	32%	\$ 380	\$ 336	13 %

(i) Canadian Malartic acquisition closed June 16, 2014.

(ii) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

Canadian Malartic achieved a historical annual production record, in line with expectations, benefiting from higher grades and throughput. Cash costs were lower by 15% due to lower fuel and explosive costs, higher production and the devaluation of the Canadian Dollar, partly offset by high shutdown costs. The Company expects total production in 2016 to remain at the same levels of 2015.

Fourth quarter production exceeded the fourth quarter of 2014 by 10% and was the result of planned higher grades. Cash costs in the fourth quarter were significantly lower than the fourth quarter of 2014. These were positively impacted by higher production at higher grades and lower production costs as well as the devaluation of the Canadian Dollar. Production in the fourth quarter was lower than the third quarter due to lower grade and lower throughput due to a longer than planned shutdown of the mill in December 2015, which also impacted cash costs.

In 2015, as anticipated, the Company and its partner executed an operational refinement plan which proved to be successful in achieving full integration to optimize the operations and generate further value from this cornerstone asset. Into 2016, Canadian Malartic will continue to pursue opportunities for refinement with a focus on improvements to the SAG mill and crusher liners in an attempt to reduce the number of scheduled shutdowns, improvements to the crusher availability, improvements to cyanide control, acquiring additional equipment to increase production from higher grade areas, among others. In the medium to long term, the Company is expecting to pursue opportunities to increase throughput by optimizing rock fragmentation. Additionally, the Odyssey zone and near pit/underground opportunities, will be further evaluated as these have the potential to provide new sources of ore for the mill.

Canadian Malartic produced a total 285,809 ounces of gold on a 50%-basis at cash costs of \$596 per ounce in 2015.

In the fourth quarter of 2015, Canadian Malartic produced 72,872 ounces of gold on a 50%-basis, compared to 66,369 ounces of gold in the fourth quarter of 2014. Cash costs were \$606 per ounce of gold in the fourth quarter, compared to \$684 per ounce in the fourth quarter of 2014.

GUALCAMAYO, ARGENTINA

Operating Statistics	For the three months ended December 31,			For the years ended December 31,		
	2015	2014		2015	2014	
Production						
Gold production (ounces)	52,864	46,009	15%	180,674	180,412	—%
Co-product cash costs per gold ounce produced (i)	\$ 798	\$ 886	(10)%	\$ 814	\$ 796	2%
Ore mined (tonnes)	2,143,838	2,048,894	5%	7,675,814	6,843,580	12%
Waste mined (tonnes)	5,104,641	7,022,160	(27)%	25,413,935	28,440,284	(11)%
Ore processed (tonnes)	2,151,106	1,994,019	8%	7,536,115	6,775,855	11%
Gold feed grade (g/t)	1.12	1.24	(10)%	1.22	1.43	(15)%
Gold recovery rate (%)	68.2	42.0	62%	61.2	62.2	(2)%
Sales						
Gold sales (ounces)	52,012	45,165	15%	176,852	177,660	—%
Depletion, depreciation and amortization						
Per gold ounce sold	\$ 301	\$ 322	(7)%	\$ 318	\$ 418	(24)%

(i) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

Increased fourth quarter production for 2015 contributed to an overall annual production record at Gualcamayo, exceeding expectations, as it benefited from increased throughput. Cash costs were impacted by local inflationary pressures partly offset by the devaluation of the Argentine Peso. Consistent with the mine plan, production beginning in 2016 is expected to be in the range of 150,000 to 165,000 ounces as the mine moves into lower grade areas.

At Gualcamayo, production was significantly higher than the fourth quarter of 2014 as improved recoveries of inventories in the heap leach pad offset the overall lower gold grades mined, in line with the mining sequence. Production also increased by 20% from that of the third quarter of 2015 following the completion of the Adsorption and Desorption plant. Lower cash costs compared to the fourth quarter of 2014 were the result of higher production and the devaluation of the Argentinian Peso.

The Company will continue to pursue optimization initiatives in 2016 that include revisions to the mine plan, optimizing heap leach inventory balances and improving contract and service terms to reduce external expenditures.

During the fourth quarter, the Company reviewed the outcome of the initial technical and financial analysis of the Deep Carbonates project undertaken during the course of 2015. The Deep Carbonates project is a potential large scale, bulk tonnage underground operation beneath the current QDD pit limits with recoverable gold currently estimated at more than 1.1 million ounces. As part of the ongoing work which will continue into 2016, the Company is considering a number of mining method alternatives to improve the capital spend profile and to de-risk the project. The mineralization is open in almost every direction, and continued exploration is expected to further improve project economics. The results of the aforementioned work will be evaluated during the course of 2016, whereupon a decision will be made as to whether to advance to a more detailed phase of study later in the year.

Gualcamayo produced 180,674 ounces of gold in 2015, compared to 180,412 ounces of gold in 2014. Cash costs were \$814 per ounce of gold in 2015, compared to \$796 per ounce of gold in 2014.

In the fourth quarter of 2015, Gualcamayo produced 52,864 ounces of gold, compared to 46,009 ounces of gold in the same quarter of 2014. Cash costs were \$798 per ounce of gold in the fourth quarter of 2015, compared to \$886 per ounce of gold in the fourth quarter of 2014.

MERCEDES, MEXICO

Operating Statistics	For the three months ended December 31,			For the years ended December 31,		
	2015	2014		2015	2014	
Production						
Gold production (ounces)	20,407	30,364	(33)%	84,137	105,212	(20)%
Silver production (ounces)	102,116	107,396	(5)%	382,943	398,137	(4)%
Co-product cash costs per gold ounce produced (i)	\$ 852	\$ 626	36%	\$ 887	\$ 681	30%
Co-product cash costs per silver ounce produced (i)	\$ 6.91	\$ 10.58	(35)%	\$ 7.91	\$ 10.75	(26)%
Ore mined (tonnes)	106,692	152,045	(30)%	492,140	648,568	(24)%
Ore processed (tonnes)	170,513	178,409	(4)%	713,475	681,833	5%
Gold feed grade (g/t)	4.00	5.57	(28)%	3.96	5.09	(22)%
Silver feed grade (g/t)	43.11	50.57	(15)%	43.27	55.88	(23)%
Gold recovery rate (%)	93.4	94.9	(2)%	93.1	94.6	(2)%
Silver recovery rate (%)	42.8	37.1	15%	38.6	32.6	18%
Sales						
Gold (ounces)	20,555	31,490	(35)%	85,438	103,850	(18)%
Silver (ounces)	100,000	108,196	(8)%	385,207	390,331	(1)%
Depletion, depreciation and amortization						
Per gold ounce sold	\$ 410	\$ 332	23%	\$ 418	\$ 387	8%
Per silver ounce sold	\$ 5.64	\$ 5.15	10%	\$ 5.72	\$ 6.13	(7)%

(i) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

Annual production at Mercedes was impacted by higher dilution resulting in lower than planned gold and silver grades. Cash costs for 2015 were impacted by lower production partly offset by the devaluation of the Mexican Peso. Additionally, as cash costs are allocated based on a pre-established ratio at the beginning of the year, when production during the year does not match this ratio, the allocation may result in higher costs for a particular metal. Cash costs were impacted in this manner at Mercedes in 2015. Going forward, the Company expects to take a fluid approach by revising the allocation based on the relative value of gold and silver revenue on a periodic basis. Annual gold production levels are expected to be in the 85,000 to 90,000 range going forward with a slight decrease in 2018.

Lower fourth quarter production at Mercedes, relative to 2014, resulted mainly from lower grades for both gold and silver. Efforts to improve dilution control and the mine's cost structure continued in the fourth quarter. The transition from long hole ("LH") to cut and fill mining was completed and has demonstrated the expected decrease in dilution. LH mining will continue to contribute approximately 10% of total production according to the mine plan. The fourth quarter was a refinement period in which the operating team ramped up mining production resulting in a slightly higher gold and silver production at lower costs compared to the previous quarter. Quarter-over-quarter feed grades and recoveries improved from the third quarter by 10% and 1% for gold and 9% and 14% for silver, respectively. In addition, gold and silver cash costs in the fourth quarter benefited from local currency depreciation.

The mine plan has been revised according to the new mining design and the operating team is continuing to increase productivity and efficiency. Mercedes continues to pursue cost control initiatives offsetting the cost increases driven by the more selective mining method. The Company remains confident that the transition initiatives undertaken in 2015 will have positive results on production and costs early in 2016. This is evidenced by the 16% month-over-month increase in gold production in January, 2016 at 14% lower costs.

Mercedes produced 84,137 ounces of gold and 382,943 ounces of silver in 2015, compared to 105,212 ounces of gold and 398,137 ounces of silver in 2014. Cash costs were \$887 per ounce of gold and \$7.91 per ounce of silver in 2015, compared to \$681 per ounce of gold and \$10.75 per ounce of silver in 2014.

In the fourth quarter of 2015, Mercedes produced 20,407 ounces of gold and 102,116 ounces of silver, compared to 30,364 ounces of gold and 107,396 ounces of silver in the same quarter of 2014. Fourth quarter gold and silver production exceeded the third quarter by 1% and

15%, respectively. Cash costs were \$852 per ounce of gold and \$6.91 per ounce of silver in the fourth quarter of 2015, compared to \$626 per ounce of gold and \$10.58 per ounce of silver in the same quarter of 2014. Fourth quarter cash costs for gold and silver production were 1% and 14% lower than the third quarter, respectively.

MINERA FLORIDA, CHILE

Operating Statistics	For the three months ended December 31,			For the years ended December 31,		
	2015	2014		2015	2014	
Production						
Gold production (ounces)	29,180	27,953	4%	112,580	100,076	12%
Silver production (ounces)	202,643	184,382	10%	660,997	975,297	(32)%
Co-product cash costs per gold ounce produced (i)	\$ 666	\$ 634	5%	\$ 712	\$ 678	5%
Co-product cash costs per silver ounce produced (i)	\$ 7.49	\$ 8.40	(11)%	\$ 9.46	\$ 6.08	56%
Ore mined (tonnes)	221,473	217,514	2%	858,666	841,485	2%
Ore processed (tonnes)	473,811	439,401	8%	1,857,010	1,729,861	7%
Gold feed grade (g/t)	2.37	2.37	—%	2.32	2.23	4%
Silver feed grade (g/t)	22.21	22.78	(3)%	19.04	29.87	(36)%
Gold recovery rate (%)	81.0	83.3	(3)%	81.1	80.8	—%
Silver recovery rate (%)	63.2	57.3	10%	58.7	58.7	—%
Sales						
Gold (ounces)	28,845	27,784	4%	111,860	99,030	13%
Silver (ounces)	195,503	245,678	(20)%	652,812	1,015,801	(36)%
Depletion, depreciation and amortization						
Per gold ounce sold	\$ 573	\$ 543	6%	\$ 536	\$ 619	(13)%
Per silver ounce sold	\$ 7.66	\$ 14.79	(48)%	\$ 7.26	\$ 10.14	(28)%

(i) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

Increased fourth quarter production for 2015 contributed to an overall annual gold production record at Minera Florida, exceeding expectations. Gold production increased by 12%, compared to 2014 resulting from higher throughput and grades. Lower silver production was due to lower planned grades following the mine sequencing. Cash costs were impacted by local inflationary pressures and lower zinc credits due to lower prices, partly offset by the devaluation of the Chilean Peso. In 2016, the Company expects gold production to be in line with 2015 with lower silver production. Several optimization opportunities will continue into 2016 including initiatives to reduce dilution through better drilling and blasting controls alongside other productivity improvement and cost reduction initiatives.

At Minera Florida, 4% higher gold production and 10% higher silver production compared to fourth quarter of 2014 was the result of increased throughput which is expected to be sustained during 2016. Silver production at lower costs was also impacted by higher recoveries offset by lower feed grade. Gold cash costs were impacted by lower zinc by-product credits due to a lower metal price.

Minera Florida produced 112,580 ounces of gold and 660,997 ounces of silver in 2015, compared to 100,076 ounces of gold and 975,297 ounces of silver in 2014. Cash costs were \$712 per ounce of gold and \$9.46 per ounce of silver in 2015, compared to \$678 per ounce of gold and \$6.08 per ounce of silver in 2014.

In the fourth quarter of 2015, Minera Florida produced 29,180 ounces of gold and 202,643 ounces of silver, compared to 27,953 ounces of gold and 184,382 ounces of silver in the same quarter of 2014. Cash costs were \$666 per ounce of gold and \$7.49 per ounce of silver in the fourth quarter of 2015, compared to \$634 per ounce of gold and \$8.40 per ounce of silver in the same quarter of 2014.

JACOBINA, BRAZIL

Operating Statistics	For the three months ended December 31,			For the years ended December 31,		
	2015	2014		2015	2014	
Production						
Gold production (ounces)	28,727	20,909	37%	96,715	75,650	28%
Co-product cash costs per gold ounce produced (i)	\$ 609	\$ 959	(36)%	\$ 788	\$ 1,078	(27)%
Ore mined (tonnes)	393,737	352,044	12%	1,481,461	1,419,932	4%
Ore processed (tonnes)	396,828	355,987	11%	1,469,095	1,419,031	4%
Gold feed grade (g/t)	2.36	1.91	24%	2.17	1.78	22%
Gold recovery rate (%)	95.4	95.6	—%	94.5	92.9	2%
Sales						
Gold Sales (ounces)	27,901	21,359	31%	96,477	74,405	30%
Depletion, depreciation and amortization						
Per gold ounce sold	\$ 254	\$ 435	(42)%	\$ 283	\$ 507	(44)%

(i) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

Improvement initiatives in production and costs at Jacobina underpinned quarter-over-quarter production increases, resulting in 28% higher gold ounces at 27% lower cash costs in 2015 compared to 2014. The significantly higher grade is consistent with the mine plan as development into higher grade areas continues to advance. With a continued focus on dilution control, productivity improvements and cost reductions, the Company expects for production to progressively increase beginning in 2016.

Increased production at lower costs in the fourth quarter of 2015 compared to the fourth quarter of 2014 resulted mainly from higher feed grade and throughput. Higher throughput contributed to higher fourth quarter production compared to the previous quarter. Cash costs in the quarter were lower compared to the fourth quarter of 2014 and the third quarter of 2015 by 36% and 15%, respectively, favourably impacted by higher production and the devaluation of the Brazilian Reais.

Jacobina produced 96,715 ounces of gold in 2015, compared to 75,650 ounces of gold in 2014. Cash costs were \$788 per ounce of gold in 2015, compared to \$1,078 per ounce of gold in 2014.

In the fourth quarter of 2015, Jacobina produced 28,727 ounces of gold, compared to 20,909 ounces of gold in the same quarter of 2014. Cash costs were \$609 per ounce of gold in the fourth quarter of 2015, compared to \$959 per ounce of gold in the fourth quarter of 2014.

BRIO GOLD, BRAZIL

On February 17, 2016, the Company's Brio Gold division ("Brio Gold") entered into an Assignment and Assumption Agreement and a Restructuring Agreement pursuant to which it will acquire all right, title and interests in the Riachos dos Machados gold mine ("RDM") in Minas Gerais State from Macquarie Bank and Carpathian Gold for approximately \$51 million in total consideration, subject to certain adjustments including expenses. Various external funding alternatives are being considered by the Company with respect to this transaction which would be expected to be completed by March 31, 2016.

RDM is a producing open-pit mine with a production capacity of approximately 100,000 ounces of gold per year at an estimated average AISC of less than \$800 per ounce over a seven year mine life based on current mineral reserves. As of September 30, 2015, RDM has proven and probable mineral reserves of 711,000 ounces of gold, measured and indicated mineral resources of 190,000 ounces of gold in addition to an inferred mineral resource base of 416,000 ounces of gold. Further potential exists to increase production, reduce costs and expand current mineral resources and mineral reserves.

Carpathian became unable to pay outstanding debt and other obligations owed to Macquarie Bank which meaningfully and significantly exceed the purchase price. The acquisition is deeply discounted reflecting the distressed debt nature of the transaction. On completion of the acquisition, RDM would be owned by Brio Gold and held free and clear of all external debt and gold stream obligations.

The acquisition of RDM is expected to be highly accretive to the Company and RDM would significantly improve the production platform and value of Brio Gold. At the current gold price and based on the Company's projected operating parameters for RDM, the acquisition price implies a Price to Net Asset Value ("P/NAV") of approximately 0.3 times and an after-tax acquisition internal rate of return of approximately 50%.

The Company currently operates three semi-autonomous operational divisions under common corporate oversight, one of which is Brio Gold. This Company division manages certain of the Company's mines and assets in Brazil other than Chapada and Jacobina. RDM would be managed within Brio Gold which is consistent with the objectives of that division to create a critical mass of smaller mines, primarily in Brazil, with under-recognized value and to surface their potential. Based on the expected accretive nature of this transaction, the addition of RDM to the Brio portfolio of mines and projects is consistent with the objective of ultimately maximizing the value of Brio Gold.

Cumulatively, Brio Gold would hold and own three producing mines with a combined annualized production of approximately 250,000 gold ounces at an all-in sustaining cost of below \$800 per ounce and an advanced development stage project which has the potential to add an additional 100,000 ounces of annual production. It would have a significant mineral reserve and mineral resources base of approximately 1.5 million ounces of mineral reserves and approximately 2.4 million ounces of mineral resources plus an additional 3.5 million ounces of inferred mineral resources with significant potential for further increase in mineral reserves and mineral resources.

Previously, the Company had advanced plans to monetize a portion of the Brio Gold division, not including RDM, and concluded, late last year, that in the short and intermediate term, the division carries more value in the Company. The Company believes there is significant unrecognized value in this portion of its portfolio. In addition, the Company believes that the producing mines, which would include RDM, would carry sufficient production and cash flows to fund the development of the one development stage asset in the division. The Company's focus in the short to medium term is on continuing to surface value within the Brio Gold division. At this time, there are no final decisions made with respect to the monetization of all or any portion of this division.

PILAR, BRAZIL

Operating Statistics	For the three months ended December 31,			For the years ended December 31,		
	2015	2014		2015	2014	
Production						
Gold production (ounces)	21,326	18,757	14%	83,184	18,757	343%
Gold production from commissioning (i)	—	—	—%	\$ —	41,333	(100)%
Total gold production	\$ 21,326	\$ 18,757	14%	\$ 83,184	\$ 60,090	38%
Co-product cash costs per gold ounce produced (i)	\$ 609	\$ 790	(23)%	\$ 708	\$ 778	(9)%
Ore mined (tonnes)	278,452	239,305	16%	1,078,866	832,813	30%
Ore processed (tonnes)	279,656	250,705	12%	1,134,722	1,084,129	5%
Gold feed grade (g/t)	2.49	2.49	—%	2.42	1.87	29%
Gold recovery rate (%)	95.1	93.4	2%	94.0	92.0	2%
Sales						
Gold Sales (ounces)	22,377	21,816	3%	82,884	21,816	280%
Depletion, depreciation and amortization						
Per gold ounce sold	\$ 488	\$ 74	559%	\$ 328	\$ 27	1,115%

(i) Pilar is held within Brio Gold and completed commissioning October 1, 2014.

(ii) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

Pilar produced a total of 21,326 ounces of gold in the fourth quarter of 2015, compared to 18,757 ounces of gold in the same quarter of 2014. Higher production was the result of the contribution of production from Maria Lazarus, higher recoveries and higher throughput. Maria Lazarus commenced production in August of 2015 and is expected to contribute, at full production, approximately 25,000 ounces of gold per year. With the contribution from Maria Lazarus annual production at Pilar is expected to increase to approximately 100,000 ounces of gold.

Cash costs were \$609 per ounce of gold in the fourth quarter of 2015, compared to \$790 per ounce of gold in the same quarter of 2014. Cash costs continued to improve both quarter-over-quarter and year-over-year.

Pilar produced 83,184 ounces of gold in 2015, compared to 18,757 ounces of gold in 2014. Cash costs were \$708 per ounce of gold in 2015.

FAZENDA BRASILEIRO, BRAZIL

Operating Statistics (i)	For the three months ended December 31,			For the years ended December 31,		
	2015	2014		2015	2014	
Production						
Gold production (ounces)	17,953	19,712	(9)%	60,914	64,188	(5)%
Co-product cash costs per gold ounce produced (ii)	\$ 586	\$ 558	5%	\$ 702	\$ 804	(13)%
Ore mined (tonnes)	280,263	288,042	(3)%	1,172,911	1,150,773	2%
Ore processed (tonnes)	310,157	285,085	9%	1,171,786	1,113,922	5%
Gold feed grade (g/t)	2.03	2.32	(13)%	1.87	2.00	(7)%
Gold recovery rate (%)	88.5	92.4	(4)%	86.3	89.8	(4)%
Sales						
Gold Sales (ounces)	16,625	18,534	(10)%	60,956	63,701	(4)%
Depletion, depreciation and amortization						
Per gold ounce sold	\$ 505	\$ 344	47%	\$ 489	\$ 325	50%

(i) Fazenda Brasileiro is held within Brio Gold.

(ii) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

At Fazenda Brasileiro, production and costs continued to improve quarter-over-quarter with production increasing approximately 6% and costs decreasing approximately 12% compared to the third quarter of 2015. Production increased month-over-month in the fourth quarter with production in December over 7,000 ounces of gold. Improved production and costs in the quarter were the result of higher grade from the previous quarter of 2015.

In the fourth quarter of 2015, Fazenda Brasileiro produced a total of 17,953 ounces of gold, compared to 19,712 ounces of gold in the same quarter of 2014. Cash costs were \$586 per ounce of gold in the fourth quarter, compared to \$558 per ounce of gold in the fourth quarter of 2014.

Fazenda Brasileiro produced 60,914 ounces of gold in 2015, compared to 64,188 ounces of gold in 2014. Cash costs were \$702 per ounce of gold in 2015, compared to \$804 per ounce of gold in 2014.

C1 SANTA LUZ, BRAZIL

In the third quarter, the modified process flowsheet was identified and a five month detailed metallurgical testwork program was completed at C1 Santa Luz (held within Brio Gold). The results of the work were incorporated into a Preliminary Economic Assessment, which included an updated mine design and production schedule based on a new mineral resource in connection with current operating cost estimates and recovery parameters. The modified process flowsheet allows for the processing of the carbonaceous minerals at C1 Santa Luz and the overall weighted average recoveries is expected to be approximately 84%.

Currently there are six drill rigs in operation at C1 Santa Luz and the Company believes there will be a significant conversion of mineral resources to mineral reserves. A new mineral reserve and resource estimate is expected for C1 Santa Luz by mid-year. Detailed construction engineering is underway. A construction decision is expected to be evaluated in the second quarter of 2016. Once operations resume, C1 Santa Luz is targeted to produce approximately 100,000 ounces of gold annually.

OTHER MINES

ALUMBRERA (12.5% interest), ARGENTINA

In the fourth quarter of 2015, Alumbra produced 8,586 ounces of gold, compared to 13,704 ounces of gold in the same quarter of 2014. Cash costs were \$362 per ounce of gold in the fourth quarter on a co-product basis, compared to \$244 per ounce of gold in the fourth quarter of 2014.

Alumbra produced 24,555 ounces of gold in 2015, compared to 39,650 ounces of gold in 2014. Cash costs were \$525 per ounce of gold in 2015 on a co-product basis, compared to \$324 per ounce of gold in 2014.

7. CONSTRUCTION, DEVELOPMENT AND EXPLORATION

CONSTRUCTION AND DEVELOPMENT

The following summary highlights key updates from the development projects of the Company in 2015 and provides key updates during the fourth quarter of 2015.

Cerro Moro, Argentina

The Company announced, in early 2015, the formal decision to proceed with the construction of Cerro Moro and provided updated project parameters with respect to timing and capital investment. During the course of 2015, detailed engineering for the 1,000 tonnes per day processing plant and mine was advanced to approximately 50% completion, in line with the published project execution schedule. Included in the 2015 work program was the upgrading and extension of the site access road, conclusion of the locked-cycle metallurgical test work program, the placement of orders on various long-lead time items such as the tailings thickeners, and the continuation of the first stage of the construction camp.

The 2016 work program envisages the prudent ramp-up of site construction activities, the continuation of detailed engineering as well as the advancement of underground mining, in order to gain a better understanding of in-situ mining conditions. Project capital expenditures in 2015 amounted to \$27 million (excluding exploration and capitalized borrowing costs) and the expenditures for 2016 are expected to be approximately \$49 million. The 2016 capital expenditure forecast is lower than previously reported (\$56 million) due to the favourable exchange rate variance and continues to reflect the previously reported execution schedule resulting in initial production the first quarter of 2018. The current execution schedule further allows for a more thorough evaluation of the economic factors in Argentina, including the impact of the currency fluctuations following the ongoing impact of the recent Argentinian regime change. Furthermore, this approach allows for further exploration drilling in order to increase the size of the Cerro Moro mineral resources, in addition to improving the current mineral resource categorization.

The Cerro Moro project contains a number of high grade epithermal gold and silver deposits, some of which will be mined via open pit and some via underground mining. The feasibility study is based on annual production in the first three years of approximately 150,000 ounces of gold and 7.2 million ounces of silver, with annual production averaging approximately 130,000 ounces of gold and 6.4 million ounces of silver over an initial 6 year mine life at a throughput of 1,000 tonnes per day. The concentrator will consist of a standard crushing, grinding and flotation circuit with a counter current decantation and a Merrill Crowe circuit included.

The Company believes that the Cerro Moro project offers significant opportunities for the conversion of mineral resources into mineral reserves and for further discoveries on the property. This will serve to significantly improve the returns and value from this high grade project.

Agua Rica, Argentina

Agua Rica is a low cost, large scale porphyry copper, molybdenum, gold and silver deposit located in the province of Catamarca, Argentina with proven and probable mineral reserves of approximately 10 billion pounds of copper and 6.5 million ounces of gold contained in approximately 910 million tonnes at copper and gold grades of 0.49% and 0.22 grams per tonne respectively.

During the fourth quarter of 2015, the Company announced a metal agreement with Sandstorm Gold Ltd ("Sandstorm"). As part of the agreement, \$12 million was received with potential additional advance construction payments of between \$135 million to \$225 million, and an additional payment of 30% of the spot price of gold at the time each ounce of gold is delivered to a total of 20% of payable gold from Agua Rica. The additional advance construction payments will be owed to the Company at the time the Company completes 25% of the construction of Agua Rica. The amount owed will be based on a sliding scale basis with a minimum payment of \$135 million if gold is below \$900 per ounce and a maximum payment of \$225 million if gold is above \$1,400 per ounce. If Sandstorm elects not to make further advanced payments to the Company at the time of the completion of 25% of the construction of Agua Rica, Sandstorm may elect to convert into a 0.25% net smelter royalty on Agua Rica.

The Company continued to evaluate other alternatives to unlock the significant value inherent in Agua Rica. In addition, exploration activities at the Cerro Atajo prospect, which was included in the Definitive Agreement signed with the provincial Government of Catamarca, Argentina (the "Government"), represented by the provincial mining company Catamarca Minería y Energética Sociedad del Estado ("CAMYEN"), advanced in the period.

The Cerro Atajo prospect lies 10 km east of Alumbreira and 25 km west of Agua Rica, a region in which both the Company and the Government have interests. The property is prospective for both high grade gold-copper-silver veins and large tonnage copper-gold porphyry mineralization. Cerro Atajo is centered on an intrusive complex within the same host rock as the nearby Alumbreira mine.

EXPLORATION

The Company continues to consider exploration to be a key to unlocking and creating further value for shareholders at existing operations. The 2015 exploration program focused on finding higher quality ounces, being those ounces with the greatest potential to most quickly generate cash flow, and on infill drilling to do the work necessary to upgrade the existing inferred mineral resources.

Building on the success of the 2015 exploration program, the Company expects to spend approximately \$82 million on exploration in 2016, of which approximately 70% is expected to be capitalized with more than 60% has been allocated to cornerstone assets.

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

<i>(In millions of US Dollars)</i>	<i>For the years ended December 31,</i>	
	2015	2014
Exploration and evaluation capitalized (i)	\$ 62.7	\$ 53.7
Exploration and evaluation expensed (ii)	23.1	20.0
Total exploration and evaluation expenditures	\$ 85.8	\$ 73.7

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

The following summary highlights the areas of focus for the 2015 exploration program and provides key updates during the fourth quarter of 2015.

Monument Bay, Canada

In June 2015, as part of the Mega Precious Metals Inc. acquisition, the Company acquired the Monument Bay property, which is located in Manitoba, approximately 570 kilometres northeast of Winnipeg, and consists of 136 contiguous claims totalling 338,000 square kilometres. The Twin Lakes deposit contains the majority of the gold and tungsten mineralization found on the property to date. The deposit occurs within the Archean North Caribou Terrane along and adjacent to the Stull-Wunnumin structural break. The large mineral resource base provides opportunities for future mineral resource growth through the potential expansion of the existing measured and indicated mineral resource base of 2.2 million ounces of gold in 46.9 million tonnes at an average grade of 1.43 grams per tonne.

The fall drill program was completed early in the quarter after a total of approximately 1,600 metres of core (NQ) were completed in six holes in the quarter. The fall drill program returned positive results and support gold and tungsten mineralization at higher grades compared to previous block model. These results are included in an updated mineral resources model for Monument Bay. The exploration camp was re-opened late in the quarter to prepare for the planned winter drill program.

Chapada, Brazil

The 2015 exploration program at Chapada focused on further testing of the Sucupira and Santa Cruz targets that were discovered in 2014, and on mineral resource infill drilling of select areas at Corpo Sul. The Company completed over 10,000 metres of exploration drilling and over 22,500 metres of infill drilling over the course of 2015. The 2016 exploration program at Chapada is expected to complete

approximately 26,000 metres of drilling. The focus of the 2016 program is to increase mineral resources at Sucupria and advance near mine targets.

During the fourth quarter, at Sucupira a 100 metre by 100 metre infill program was initiated along a 700 metre strike length to classify the mineral resource as an inferred mineral resource. Additional exploration drilling continued at the Formiga target, which is 8 kilometres northeast of Chapada, and initial results have returned narrow, high grade copper intercepts.

El Peñón, Chile

The 2015 exploration program at El Peñón focused on exploring near mine targets including Abundancia, Borde Oeste, Ventura and Purpura NE, and completing infill programs on the Aleste Sur, Aleste FW, Dorada FW, Ventura and other vein structures, and on limited definition drilling at the El Peñón, Fortuna and Pampa Augusta Victoria mine complexes. The Company completed approximately 30,000 metres of local and approximately 34,000 metres of district exploration drilling, along with approximately 117,000 metres of combined underground and surface infill drilling over the course of 2015. The 2016 exploration program at El Peñón is expected to complete a total of approximately 166,000 metres of drilling. The focus of the 2016 program is to continue to extend known veins, discover new veins near the mine and upgrade mineral resources to support production plans and strategic life of mine.

During the fourth quarter, infill drilling at the Ventura vein continued to define a core area of mineralization approximately 500 meters along strike and 100 to 200 metres in vertical extent that continues to support the economic potential of the target and the objective of upgrading the mineral resources. Narrow, high-grade results at Abundancia W, Borde W, Bonanza Hanging Wall and other vein structures continue to support exploration of secondary structures adjacent to larger, primary structures. At Aleste Sur-Sur and Dorada Sur, results support the potential of a high-grade gold and silver mineral zone that remains open to the south and is accessible from current mine development. Positive results from the infill program at Laguna are being evaluated by mine engineers for production using open pit methods.

Gualcamayo, Argentina

The 2015 exploration program at Gualcamayo focused on discovering and extending near surface oxide mineral zones to both the east and west of current QDD Lower West ("QDDLW") underground operation limits, and on infill and expansion of the carbonate deposits that form the Southwest and parts of the Santiago mineral deposits in the Rodado target area. The Company completed over 18,000 metres of drilling over the course of 2015. The 2016 exploration program at Gualcamayo is expected to complete a total of approximately 18,000 metres of drilling. The focus of the 2016 program is to infill drill and test for deep extensions and targets near the current mine at QDD; extend QDDLW to the east; surface test potential targets at AIM; and discover a new deposit, infill drill the known surface mineral body and advance geometallurgical characterization at Las Vacas.

During the fourth quarter, underground based mineral resource expansion drilling continued with the objective of finding additional oxide ore at the east and west extensions of QDDLW. Drilling in the fourth quarter returned multiple additional oxide intercepts of potential ore from QDDLW and these samples have been sent to the laboratory for analysis and metallurgical testing. Chip sampling to define QWDD near pit targets was initiated during the quarter. At the Las Vacas area, a sub horizontal hole was completed beneath the Las Vacas surface deposit that intersected favorable lithologies containing orpiment and realgar showings. Follow up testing of this target will commence late in the first quarter of 2016.

Mercedes, Mexico

The 2015 exploration program at Mercedes focused on mineral resource infill and extension drilling, completing limited ore definition drilling, and testing near mine and regional targets developed in prior exploration campaigns. The Company completed over 41,000 metres of combined surface and underground drilling over the course of 2015. The 2016 exploration program at Mercedes is expected to complete a total of approximately 10,000 metres of drilling. The focus of the 2016 program is to discover new mineral bodies close to existing development and support mine production.

During the fourth quarter, the surface exploration program tested several structural offsets and lineaments near the mine complex. An 800 meter step-out hole from the Diluvio West mineralization cut 20 meters of quartz stockwork containing one potential ore grade intercept. Three follow up holes to the south did not intercept the same quartz stockwork with no significant results reported. The infill drilling program continued during the quarter with no significant results returned.

Minera Florida, Chile

The 2015 exploration program at Minera Florida focused on infill drilling to replace mineral resources that were previously upgraded to mineral reserves, testing new areas with the aim to discover a new high potential target, and delineation drilling to further improve the reliability of life-of-mine mineral reserves. The Company completed over 28,000 metres of combined infill, exploration and delineation drilling over the course of 2015. The 2016 exploration program at Minera Florida is expected to complete a total of approximately 20,000 metres of drilling. The focus of the 2016 program is to discover new deposits with the majority of testing expected at Lorena Este, Tribuna Central, Tribuna Este and Millenium Norte.

During the fourth quarter, the underground infill program continued to advance with the majority of targets continuing to return positive results which support the objective of upgrading mineral resources and mineral reserves replacement.

Jacobina, Brazil

The 2015 exploration program at Jacobina focused on extensive infill drilling with the aim to improve geologic knowledge and mineral continuity in support of mineral resource conversion and mineral reserve delineation. The Company completed approximately 35,000 metres of infill drilling over the course of 2015. The 2016 exploration program at Jacobina is expected to complete a total of approximately 46,000 metres of drilling. The focus of the 2016 program is to infill drill in support of mineral resource conversion and mineral reserve delineation, and test for the Main Reef below beneath known deposits.

During the fourth quarter, infill drilling continued at the Canavieiras North and South, Morro do Vento and João Belo mines, with results continuing to support the higher grades in the mineral resource and mineral reserve models. Exploration drilling to test for deep extensions to the basal Main Reef continued in the fourth quarter. Three holes were drilled, one each at João Belo, Canavieiras and Morro do Vento. The hole at João Belo deviated from its target and was stopped, the hole at Canavieiras became trapped at over 900 metres depth and was abandoned. The hole at Morro Do Vento remains on-going having intersected the mineralized upper reefs and is approaching the target horizon for the basal Main Reef. Free gold in conglomerates has been noted in these deeper portions of the hole. Development activities to access the Canavieiras ore bodies supported by the infill programs continued during the fourth quarter.

Cerro Moro, Argentina

The 2015 exploration program at Cerro Moro focused on detailed mapping, outcrop and soil sampling, and targeted core drilling with the aim to discover a new high grade structure within the current property boundaries. The Company completed approximately 10,500 metres of drilling over the course of 2015. The 2016 exploration program at Cerro Moro is expected to complete a total of approximately 16,000 metres of drilling. The focus of the 2016 program is to discover a new high grade structure and expand the current indicated mineral resources.

During the fourth quarter, drilling advanced at the Deborah Parallel and Deborah Link structures, and the planned 2015 drilling campaign was completed mid-way through the quarter. Exploration drilling intersected narrow intercepts of low grade gold and variable grade silver values over 400 metres of strike length. Follow up drilling is planned to discover wider and higher grade zones at depth.

Canadian Malartic Corporation, Canada

As 50-50 partners in the Canadian Malartic Corporation, Yamana and Agnico jointly explore the Kirkland Lake, Hammond Reef, Pandora, and the Wood-Pandora properties. The 2015 exploration programs included the following:

- Pandora - continued drill testing of near surface and underground targets while concurrently constructing an exploration tunnel from the Lapa mine 101 level to the west for approximately 1 kilometre ("101-W") to facilitate additional subsurface drill testing;
- Kirkland Lake - focused drill testing of the Upper Canada, AK and other surface targets;
- Upper Beaver - an internal Preliminary Economic Assessment on the deposit; and
- Canadian Malartic mine - limited drilling of the South Odyssey mineral body.

At Pandora, the focus in the fourth quarter was an exploration program to test for extensions to the Branch zone and C zone on the Pandora property. A total of approximately 19,200 metres of drilling was completed during 2015 from the surface on the Pandora exploration program and the Branch Zone definition program. Results have been encouraging with the best results in the C zone support Lapa Mine style high grade mineralization with additional assay results pending. In 2016, additional underground development and 10,400 metres of drilling are planned.

During the fourth quarter, drilling at Kirkland Lake continued to add value as assays returned significant high grade results and in light of the positive results to-date the updated mineral resource estimate is included in the Company's mineral resource and mineral reserve update as at December 31, 2015. A review of an internal Preliminary Economic Assessment for Upper Beaver was completed during the quarter and the Company is currently evaluating options with respect to the project.

At the end of the fourth quarter of 2015, 44 holes (approximately 36,000 metres) of drilling had been completed on the Odyssey zones. Data compilation and final assessment for drill holes completed in the fourth quarter are pending. The 2016 exploration program will focus on the Canadian Malartic block model to further define the potential of near pit targets that provide potential sources of ore for the Canadian Malartic mill and a 60,000 metre drill program to evaluate the mineralization at the Odyssey zones.

Fazenda Brasileiro, Pilar and C1 Santa Luz (held by Brio Gold Inc.)

The 2015 exploration program for Brio Gold at the Fazenda Brasileiro and Pilar operations focused on infill drilling in support of operations, as well as mineral resource expansion drilling. Brio Gold completed 39,000 metres of exploration drilling from the surface at Pilar and Maria Lazarus, along with an additional 6,800 meters of conversion drilling from underground. During the fourth quarter, infill drilling at Pilar continued to support the significant potential of the mine, including intersecting high grade intercepts above current mineral reserve grade. At Maria Lazarus, delineation and exploration drilling was completed and returned positive results. The 2015 drilling program, which was considerably larger than in previous years, was successful in significantly expanding the mineral resources and reserves of both the Pilar and Maria Lazarus deposits. Reserve and resource expansion remains a focus in 2016, with approximately 68,000 metres of drilling planned.

At Fazenda Brasileiro, drilling focused on the expansion of mineral resources and on the conversion and replacement of the mineral reserve base. Brio Gold completed almost 74,000 meters of surface and underground drilling in 2015. During the fourth quarter, drilling continued on the newly discovered E388 East zone, along other prospective high potential targets. E388 East is already being mined and is contributing to higher grade production at Fazenda Brasileiro. Further, the robust exploration program at Fazenda Brasileiro resulted in a significant increase in reserves at Fazenda Brasileiro to 405,000 ounces of gold, equivalent to seven years of mine life. 80,000 metres of drilling is planned for 2016, with a continued focus on increasing reserves, the prospective E388 zone and other high potential areas.

At C1 Santa Luz, a 15,000 metre drilling program commenced in the fourth quarter of 2015 of which over 5,000 metres was completed by year end. The objective was to obtain samples for geo-metallurgical characterization of the mineralization and geotechnical information for assessing pit slopes as well as infill drilling for resource to reserve conversion. An updated mineral resource and reserve estimate is expected to be completed in the first quarter of 2016.

8. MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

Mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination

of mineral reserves and mineral resources. This includes a requirement that a “qualified person” (as defined under the NI 43-101) supervises the preparation of the mineral reserves and mineral resources reports. The Company's mineral reserve and mineral resource reports are reviewed by William Wulftange, Senior Vice President Exploration, who is a qualified person.

Total proven and probable mineral reserves as at December 31, 2015 were 15.9 million ounces of gold. In 2015, a total of 1.5 million ounces of gold was extracted through production (representing a post recovery production of 1.3 million ounces of gold). In addition, 1.2 million ounces were moved to measured and indicated mineral resources for C1 Santa Luz, some or all of which are expected to be upgraded in 2016 to mineral reserves with the planned pre-feasibility study expected to be completed by mid-2016. Mine model revisions at Mercedes decreased mineral reserves beyond those ounces that were depleted through production, which is also true for Pilar at which mineral reserves were reclassified to mineral resources pending on additional work in 2016. Silver mineral reserves were 98.1 million ounces. Copper mineral reserves were 3,059 million pounds.

Total measured and indicated mineral resources as at December 31, 2015 were 24.8 million ounces of gold (including the reclassification of 1.2 million ounces from mineral reserves associated with C1 Santa Luz). The increase in measured and indicated mineral resources is mainly due to the additions from C1 Santa Luz as discussed above, and the acquisition of Monument Bay. Total measured and indicated mineral resources for silver were 65.4 million ounces. Total measured and indicated mineral resources for copper were 946 million pounds. Total inferred mineral resources as at December 31, 2015 were 15.2 million ounces of gold, 81.1 million ounces of silver and 711 million pounds of copper.

Assumptions for metal prices used in the estimates of mineral reserves and mineral resources include: gold price of \$1,150 per ounce, silver price of \$18.00 per ounce and copper price of \$3.00 per pound, except where noted in the mineral reserve and mineral resource tables contained in the Company's 2015 annual report, the most significant of which was Canadian Malartic at which mineral reserves of gold were previously calculated at \$1,300 per ounce. While these price assumptions remain unchanged from prior year, as a significant portion of costs for the Company are locally denominated, these prices in local currency compared favourably to the prior year.

The Company's mineral reserves and mineral resources as at December 31, 2015 are summarized in the following table. Complete information relating to mineral reserves and mineral resources indicating a complete listing of metal-price assumptions, tonnage, grade and recoveries is contained in a complete mineral resource and mineral reserve table accompanying the 2015 annual report available on the Company's website, www.yamana.com.

Mineral Reserves & Mineral Resources Estimates (i)	Contained Gold (in 000's ounces)		Contained Silver (in 000's ounces)		Contained Copper (in million pounds)	
	2015	2014	2015	2014	2015	2014
Proven & Probable Mineral Reserves						
Chapada	4,118	4,033	—	—	3,033	2,794
El Peñón	1,456	1,682	49,765	58,135	—	—
Canadian Malartic (50%)	3,863	4,329	—	—	—	—
Gualcamayo	967	1,244	—	—	—	—
Mercedes	333	648	3,750	6,977	—	—
Minera Florida	596	613	3,860	4,230	—	—
Jacobina	1,995	2,074	—	—	—	—
Pilar (ii)	342	1,355	—	—	—	—
Fazenda Brasileiro (ii)	392	145	—	—	—	—
C1 Santa Luz (ii)	—	1,200	—	—	—	—
Alumbreira (12.5%)	36	185	—	—	26	135
Cerro Moro	715	715	40,723	40,723	—	—
Jeronimo (57%)	1,082	1,082	—	—	—	—
Ernesto/Pau-a-Pique (iii)	—	321	—	—	—	—
Total Proven & Probable Mineral Reserves	15,895	19,626	98,098	110,065	3,059	2,929

Measured & Indicated Mineral Resources

Chapada	2,037	2,130	3,775	3,775	838	867
El Peñón	905	919	26,982	26,761	—	—
Canadian Malartic (50%)	625	968	—	—	—	—
Gualcamayo	4,451	3,841	—	—	—	—
Mercedes	537	559	5,817	5,883	—	—
Minera Florida	867	784	4,952	4,424	—	—
Jacobina	2,575	2,553	—	—	—	—
Pilar (ii)	360	214	—	—	—	—
Fazenda Brasileiro (ii)	229	437	—	—	—	—
C1 Santa Luz (ii)	1,657	478	—	—	—	—
Alumbrera (12.5%)	103	—	—	—	73	—
Cerro Moro	238	238	20,313	20,313	—	—
Jeronimo (57%)	139	139	—	—	—	—
La Pepa	2,760	2,760	—	—	—	—
Suyai	2,286	2,286	3,523	3,523	—	—
Monument Bay	1,787	—	—	—	—	—
Hammond Reef (50%)	2,251	2,251	—	—	—	—
Upper Beaver (50%)	900	722	—	—	34	18
Amalgamated Kirkland (50%)	133	—	—	—	—	—
Ernesto/Pau-a-Pique	—	279	—	—	—	—
Total Measured & Indicated Mineral Resources	24,840	21,558	65,362	64,679	945	885

Inferred Mineral Resources

Chapada	972	648	982	982	678	332
El Peñón	1,519	1,521	58,073	60,969	—	—
Canadian Malartic (50%)	213	556	—	—	—	—
Gualcamayo	1,543	1,938	—	—	—	—
Mercedes	239	342	2,001	2,625	—	—
Minera Florida	933	954	5,050	6,100	—	—
Jacobina	1,549	1,644	—	—	—	—
Pilar (ii)	2,041	1,713	—	—	—	—
Fazenda Brasileiro (ii)	91	167	—	—	—	—
C1 Santa Luz (ii)	943	1,093	—	—	—	—
Alumbrera (12.5%)	1	—	—	—	1	—
Cerro Moro	279	279	14,415	14,415	—	—
Jeronimo (57%)	161	161	—	—	—	—
La Pepa	620	620	—	—	—	—
Lavra Velha	543	543	—	—	—	—
Arco Sul	646	646	—	—	—	—
Suyai	274	274	575	575	—	—
Monument Bay	1,781	—	—	—	—	—
Hammond Reef (50%)	6	6	—	—	—	—
Upper Beaver (50%)	658	523	—	—	32	26
Amalgamated Kirkland (50%)	203	—	—	—	—	—
Ernesto/Pau-a-Pique	—	260	—	—	—	—
Total Inferred Mineral Resources	15,215	13,888	81,096	85,666	711	358

(i) Refer to the complete Mineral Reserves & Mineral Resources tables in the Company's 2015 Annual Report. Numbers may not add due to rounding.

(ii) Pilar, Fazenda Brasileiro and C1 Santa Luz are held within Brio Gold. Currently, C1 Santa Luz is on care and maintenance.

Further information by mine is detailed below.

Canadian Malartic, Canada (50%)

On August 14, 2014, the Company and its partner, Agnico Eagle Mines Limited, jointly filed a National Instrument 43-101 updated technical report for Canadian Malartic with an updated estimate of mineral reserves and mineral resources as of June 16, 2014. The current inventory of mineral reserves and mineral resources reflects that estimate and has been depleted as a result of the production from June 16, 2014 until the end of 2015.

At Canadian Malartic, Yamana's 50% share of mineral reserves were 3.86 million ounces of gold contained in 110.8 million tonnes of ore at 1.08 g/t. The decrease in mineral reserves, compared to prior year, of 0.47 million ounces was principally due to mining extraction and production in 2015 which totalled 285,809 ounces of gold, a lower price of \$1,150 per ounce used for the current year mineral reserve calculation, versus \$1,300 per ounce in the prior year, a change in the cutoff grade to include the Net Smelter Return payable to Osisko Gold Royalties which was not included in 2014 and the termination of the Gouldie open pit. Gold mineral reserve grades increased to 1.08 g/t as compared to 1.06 g/t in the prior year.

Mineral resources have decreased from 2014 levels as all mineral resources outside of the current pit have been reevaluated at a 1.0 g/t gold cutoff. The higher cutoff reflects the decision that mineral resources outside the current pit will not be open-pit mined although the underground mining potential may be evaluated in the future. Exploration drilling of the Odyssey deposit transitioned to definition drilling in the fourth quarter with the goal of completing a 100 metre by 100 metre grid on the current defined mineral extents by the third quarter of 2016. The tighter grid spacing will allow for the reclassification of the mineralization as inferred mineral resources, will provide a basis for an in house scoping study and will aid the optimization of subsequent infill drill programs. The Canadian Malartic partnership is committing significant exploration funding of C\$8 million to Odyssey during 2016 to outline the size potential of the ore and outline a maiden inferred mineral resource before the first quarter of 2017.

El Peñón, Chile

Gold mineral reserves were approximately 1.5 million ounces and silver mineral reserves were approximately 49.8 million ounces, contained in 9.1 million tonnes of ore at 4.98 g/t of gold and 170.2 g/t of silver, after production of 227,288 ounces of gold and approximately 7.7 million ounces of silver. Mineral resources were 905,000 ounces of gold and 27.0 million ounces of silver contained in 3.73 million tonnes of ore at 7.54 g/t of gold and 224.8 g/t of silver.

In 2015, the Company focused exploration on short-term mine production and undertook a longer term view to mineral reserve and mineral resource identification. The 2015 exploration program successfully identified new vein structures including Aleste Sur, Providencia Sur, Abundancia-Borde Oeste, Ventura Oeste and others.

These veins are near current mine infrastructure and can be quickly developed for production purposes as continuity and extent are confirmed. During 2016, these areas will continue to be advanced through drilling and underground development to bring these new mineral resources to mineral reserves.

In 2016 through 2018, the Company will concentrate exploration on mineral reserve and mineral resource delineation. The 2 to 3 year long-term program that began in 2015 includes near mine exploration for 200,000 oz to 500,000 oz or larger mineral bodies. Mine site exploration have identified and prioritized several of these targets during 2015 which will continue to be developed and tested during 2016 together with other new targets.

These targets include southwest of Quebrada Orito, northeast trending structures similar to Discovery Wash that would connect Quebrada Orito to Quebrada Colorada and a second that would connect Quebrada Colorada to Cerro Martillo. Mine site exploration will also continue

to drill testing southerly extensions of Providencia Sur along with en echelon features at Fortuna and for north south trending structures west of Tres Tontos.

Exploration from underground stations will continue to progress throughout the year and will be greatly advanced with underground development into the Abundancia-Borde Oeste corridor up to the Ventura veins which continues to be an important focus of exploration and the future of El Peñón. Surface exploration has identified several parallel structures to the Ventura vein and underground testing will provide further mineral resource and mineral reserve growth in these vein structures.

Chapada, Brazil

Gold mineral reserves were approximately 4.12 million ounces contained in 580 million tonnes at 0.22 g/t of gold. Gold measured and indicated mineral resources were 2.04 million ounces contained in 248 million tonnes of ore at 0.26 g/t. Gold inferred mineral resources were 972,000 ounces contained in 133 million tonnes of ore at 0.23 g/t of gold. The mining extraction and production was offset by additional ounces from the Sucupira discovery.

Copper mineral reserves were approximately 3,033 million pounds contained in 521 million tonnes of ore at 0.26% of copper. Copper measured and indicated mineral resources decreased slightly to 838 million pounds contained in 158 million tonnes of ore at 0.24% of copper. Copper inferred mineral resources nearly doubled to 678 million pounds, contained in 106 million tonnes of ore at 0.29% of copper.

Gold mineral reserves were replaced at Chapada and copper mineral reserves increased reflecting gains from the infill program, remodeling of Corpo Sul and adjustments to economical parameters to reflect current costs of production.

Gualcamayo, Argentina

Gold mineral reserves were 967,000 ounces contained in 26 million tonnes of ore at 1.17 g/t of gold. Gold measured and indicated mineral resources were 4.5 million ounces contained in 119 million tonnes of ore at 1.16 g/t of gold.

During the fourth quarter, the Company reviewed the outcome of the initial technical and financial analysis of the Deep Carbonates project undertaken during the course of 2015. The Deep Carbonates project is a potential large scale, bulk tonnage underground operation beneath the current QDD pit limits with recoverable gold currently estimated at more than 1.1 million ounces. As part of the ongoing work which will continue into 2016, the Company is considering a number of mining method alternatives to improve the capital spend profile and to de-risk the project. The mineralization is open in almost every direction, and continued exploration is expected to further improve project economics. The results of the aforementioned work will be evaluated during the course of 2016, whereupon a decision will be made as to whether to advance to a more detailed phase of study later in the year.

Jacobina, Brazil

Gold mineral reserves were approximately 2.0 million ounces contained in 21.7 million tonnes of ore at a grade of 2.86 g/t of gold. Gold measured and indicated mineral resources were 2.6 million ounces contained in 33.1 million tonnes of ore at a grade of 2.42 g/t of gold. Inferred mineral resources were 1.5 million ounces contained in 15.4 million tonnes of ore at an average grade of 3.14 g/t of gold.

Mineral reserves and mineral resources decreased due to mining extraction and production from the 2014 mineral reserve inventory. This was slightly offset by the focus on definition and infill drill programs that were successful in increasing mine development to approximately 6 months of planned production levels.

Minera Florida, Chile

Gold mineral reserves were 596,000 ounces and silver mineral reserves were approximately 3.9 million ounces contained in 7.2 million tonnes of ore at 2.57 g/t of gold and 16.7 g/t of silver.

Measured and indicated mineral resources were 867,000 ounces of gold and 5.0 million ounces of silver contained in 5.091 million tonnes of ore at 5.30 g/t of gold and 30.3 g/t of silver. Inferred mineral resources were 933,000 ounces of gold and 5.1 million ounces of silver contained within 5.3 million tonnes of ore at a 5.50 g/t of gold and 29.7 g/t of silver.

Mercedes, Mexico

Mineral reserves at Mercedes were 333,000 ounces of gold and 3.8 million ounces of silver contained in 2.4 million tonnes of ore at 4.33 g/t of gold and 48.8 g/t of silver. The Mercedes mine transitioned in 2015 from long hole stopping mining to cut and fill mining. The increased operational costs with this more selective mining method resulted in an increase in the reserve cutoff grade that translated into a decrease in mineral reserves. The change in mining method is providing higher feed grades to the Mercedes mill.

Cerro Moro, Argentina

At Cerro Moro, gold and silver mineral reserves were unchanged at 715,000 ounces gold and 40.7 million ounces of silver, contained in 1.9 million tonnes of ore at a grade of 11.38 g/t gold and 648.3 g/t silver. The mineral reserve and mineral resource models will be updated during the course of 2016 taking into consideration updated gold and silver price points, new additions to mineral reserves as well as any changes to the mining parameters coming from the underground development works planned for 2016.

Gold and silver mineral resources in the measured and indicated categories were unchanged as well at 238,000 ounces gold and 20.3 million ounces silver contained in 3.3 million tonnes of ore at 2.23 g/t gold and 190.3 g/t silver. Inferred gold and silver mineral resources of 279,000 ounces gold and 14.4 million ounces silver contained in 4.4 million tonnes of ore at 1.96 g/t gold and 101.3 g/t silver in the periphery of the main deposits.

Monument Bay, Canada

In June 2015, as part of the Mega Precious Metals Inc. acquisition, the Company acquired the Monument Bay property, which is located in Manitoba, approximately 570 kilometres northeast of Winnipeg, and consists of 136 contiguous claims totalling 338,000 square kilometres. The fall drill program and old core assay program returned positive results and support gold and tungsten mineralization at higher grades compared to previous block model. The Monument Bay mineral resource inventory is 1.8 million ounces of gold, contained in 36.6 million tonnes of ore at a grade of 1.52 g/t in indicated mineral resources and 1.8 million ounces of gold, at 41.9 million tonnes of ore at a grade of 1.32 g/t in inferred mineral resources.

Pilar, Brazil

The Pilar 2014 mineral reserve model was originally designed contemplating mining rates for high bulk tonnage methods. In late 2014 and in 2015, the Company embarked on a program to change mining methods, cut off grades and drill hole spacings for mineral reserve categorization in order to accommodate a much more selective mining approach and mineral reserve optimization at the Pilar mine. Drill hole spacings for mineral resource categorization were subsequently tightened, dilution factors were modified and narrow view mining economics applied. The result of which was a reduction in proven and probable mineral reserves, with partially offsetting increases in measured and indicated mineral resources, and inferred mineral resources. The Company believes that with further planned infill drilling at Pilar, the

Company will continue to convert those inferred mineral resources successfully. The mineral resources at the Pilar mine remain open in all directions and the Company continues to step out and infill to expand mineral reserves. The new mining method changes have resulted in a significant performance improvement at Pilar, which is expected to be sustainable over the life of mine.

Gold mineral reserves as at December 31, 2015 were 342,000 ounces contained in 4.3 million tonnes of ore at a grade of 2.47 g/t. Measured and indicated mineral resources of gold were 360,000 ounces contained in 4.0 million tonnes of ore at an average grade of 2.81 g/t. Inferred mineral resources of gold were 2.0 million ounces contained in 18.7 million tonnes of ore at an average grade of 3.40 g/t.

In 2016, as part of the planned drilling and exploration program, there will be an evaluation and effort to upgrade mineral resources into mineral reserves.

Fazenda Brasileiro, Brazil

Gold mineral reserves were 392,000 ounces contained in 6.5 million tonnes of ore at a grade of 1.88 g/t. Measured and indicated mineral resources of gold were 229,000 ounces contained in 1.9 million tonnes of ore at a grade of 3.72 g/t. Inferred mineral resources of gold were 91,000 ounces contained in 1.6 million tonnes of ore at a grade of 1.81 g/t.

The increase in mineral reserves and mineral resources is attributable to expanded in-mine exploration which resulted in the conversion of inferred mineral resources to measured and indicated mineral resources.

C1 Santa Luz, Brazil

Gold mineral reserve ounces were reclassified to measured and indicated mineral resources at C1 Santa Luz as the mine was previously placed in care and maintenance.

In 2016, as part of the planned drilling and exploration program, and a feasibility study planned for mid-2016, the focus will be on the reclassification and upgrade of ounces from several categories of mineral resources back into the mineral reserves category.

9. LIQUIDITY, CAPITAL RESOURCES AND CONTRACTUAL COMMITMENTS

LIQUIDITY

In order to counter the impact of lower commodity prices, the Company continues to focus on containing costs to maximize available cash in order to fund planned growth, development activities, expenditures and commitments. The following is a summary of liquidity and capital resources balances:

<i>As at December 31, (In millions of US Dollars)</i>		2015	2014
Cash	\$	119.9	\$ 191.0
Trade and other receivables	\$	45.9	\$ 51.0
Long term debt (excluding current portion)	\$	1,676.7	\$ 2,025.4
Working capital (i)	\$	106.9	\$ 42.6

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

Cash and cash equivalents were \$119.9 million as at December 31, 2015 compared to \$191.0 million as at December 31, 2014. 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. Working capital was \$106.9 million as at December 31, 2015, more than double, compared to \$42.6 million as at December 31, 2014. Additionally, the Company has \$23.3 million in stockpile inventory, currently classified as Property, Plan and Equipment, as it is not expected to be processed within one year.

The following table summarizes cash inflows and outflows:

<i>For the years ended December 31, (In millions of Dollars)</i>		2015	2014
Cash flows from operating activities from continuing operations	\$	531.8	\$ 513.9
Cash flows from operating activities before changes in working capital (i)	\$	670.6	\$ 595.0
Cash flows (used in)/from financing activities from continuing operations	\$	(204.6)	\$ 540.1
Cash flows used in investing activities from continuing operations	\$	(392.2)	\$ (1,081.7)

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

CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS

Cash flows from operating activities from continuing operations after net change in working capital for the year ended December 31, 2015 were \$531.8 million, compared to \$513.9 million for the year ended December 31, 2014. Cash flows from operating activities before net change in working capital (a non-GAAP measure, see *Section 14*) for the year ended December 31, 2015 were \$670.6 million, compared to \$595.0 million generated for the same period of 2014. Cash flows from operating activities for the period include \$148.0 million received as an advance payment on the metal agreements with Sandstorm which was used to reduce the balance outstanding on the revolving credit facility. Cash flows from operating activities were impacted by lower metal prices and no cash distributions from Alumbra for the year, compared to \$44.2 million for the year ended December 31, 2014.

Net change in working capital for the year ended December 31, 2015 was cash outflows of \$138.8 million, compared to outflows of \$81.1 million for the year ended December 31, 2014. Outflows in working capital for the current period reflect the more significant items of the repayment of \$29.5 million on the export credit facility and an Alumbra loan repayment of \$22.5 million. Additionally, working capital items reflect a decrease of \$87.8 million in trade payables. These demonstrate management's focus on a debt reduction strategy and working capital management.

In spite of the challenging market conditions for metals, the Company's cash flows from operating activities are expected to remain positive at the prices of gold, silver and copper observed as at December 31, 2015, following continued cost reduction efforts. Refer to *Section 11: Economic Trends, Business Risks and Contractual Commitments* for a detailed discussion of market price risk.

CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS

Cash flows used in financing activities of continuing operations were \$204.6 million for the year ended December 31, 2014, compared to inflows of \$540.1 million in year ended December 31, 2014. Cash flows used in financing activities for 2015 included a net debt repayment, lower proceeds from term loan and notes payable, and higher interest expense as a result of the full-year effect related to the debt notes issued in mid-2014, partly offset by lower dividend payments and the proceeds on a share offering at the beginning of the year. During the year, in an effort to further reduce debt levels, the Company triggered an early conversion of the Company's 6.875% convertible unsecured subordinated debentures, assumed on the acquisition of Canadian Malartic, using previously escrowed and segregated shares and cash which had been set aside upon completion of the acquisition. The debt reduction initiatives during 2015 lead to a reduction of debt of over \$286 million, lower by 14% compared to December 31, 2014.

As part of its capital management strategy and in response to current market conditions, subsequent to the year end, the Company announced a revision to its baseline level dividend to \$0.02 per share annually beginning with the declaration and payment of the first quarter 2016 dividend. Based on the number of outstanding common shares as at the end of 2015, the revised dividend policy will reduce annual dividend payments to approximately \$29 million in 2016 and to approximately \$19 million in 2017.

Net debt (a non-GAAP measure, see *Section 14*) as at December 31, 2015, excluding debt assumed from the Company's 50% interest in Canadian Malartic which is neither corporate nor guaranteed by the Company, was \$1.61 billion decreasing by 9% relative to the comparative period.

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

<i>(In millions of US Dollars)</i>	2016	2017	2018	2019	2020
Senior debt notes	73.5	—	110.0	181.5	85.0

The balance of senior debt notes of \$1.11 billion is due in or after 2022.

The Company has a revolving credit facility with a maturity date of 2020. The Company will, from time to time, repay balances outstanding on its revolving credit with operating cash flow and cash flow from other sources. Additionally, the Company intends to renew the credit facility either before or upon maturity in 2020.

CASH FLOWS USED IN INVESTING ACTIVITIES FROM CONTINUING OPERATIONS

Cash outflows used in investing activities from continuing operations were \$392.2 million for the year ended December 31, 2015, compared to cash outflows of \$1.08 billion for the year ended December 31, 2014.

Cash flows used in investing activities include the release of \$18.6 million of restricted cash, relating to a bond previously set aside with the Government of Quebec by Canadian Malartic for environmental protection purposes. The bond was replaced with a letter of credit. Additionally, cash flows used in investing activities include proceeds on settlements of copper contracts and proceeds on disposal of investments and other assets.

Capital expenditures including sustaining, expansionary and capitalized exploration and evaluation for the year ended December 31, 2015, were \$378.8 million, compared to capital expenditures of \$662.1 million for the year ended December 31, 2014. These expenditures were incurred as follows:

<i>For the years ended December 31, (In millions of US Dollars)</i>	Sustaining & other	Expansionary	Exploration	2015	2014
Chapada	\$ 46.1	\$ 8.9	\$ 1.3	\$ 56.3	115.0
El Peñón	53.4	2.0	20.6	76.0	111.5
Gualcamayo	5.2	5.4	5.2	15.8	38.3
Mercedes	14.3	7.7	3.0	25.0	41.6
Canadian Malartic	37.3	8.7	12.3	58.3	43.3
Minera Florida	19.2	14.9	5.3	39.4	58.2
Jacobina	25.7	0.5	4.8	31.0	34.6
Cerro Moro	—	30.0	3.9	33.9	30.2
Pilar (i)	11.7	2.6	2.4	16.7	93.9
Fazenda Brasileiro (i)	10.8	—	3.9	14.7	15.2
C1 Santa Luz (i)	—	—	—	—	61.8
Other	4.6	7.1	—	11.7	18.5
Total capital expenditures (ii)	\$ 228.3	\$ 87.8	\$ 62.7	\$ 378.8	662.1

(i) Pilar, Fazenda Brasileiro and C1 Santa Luz are held within Brio Gold. Currently, C1 Santa Luz is on care and maintenance.

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

CAPITAL RESOURCES

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

The Company is authorized to issue an unlimited number of common shares at no par value and a maximum of eight million first preference shares. There are no first preference shares issued or outstanding. As of February 16, 2016, the total number of shares outstanding were 947.2 million, the total number of stock options outstanding were 2.4 million, the total number of Deferred Share Units ("DSU") outstanding were 3.5 million, the total number of Restricted Share Units ("RSU") outstanding were 0.9 million, and the total number of Performance Share Units ("PSU") outstanding were 1.1 million.

In 2015, the Company declared quarterly dividends totalling \$0.06 per share compared to 2014 quarterly dividends totalling \$0.13 per share.

The following table summarizes the weighted average common shares and equity instruments outstanding as at December 31, 2015:

	Equity instruments outstanding as at	Weighted average dilutive equity instruments, three months ended	Weighted average dilutive equity instruments, year ended
(In thousands)	December 31, 2015	December 31, 2015	December 31, 2015
Common shares (i)	947,039	946,773	936,606
Options (ii)	3,407	—	—
RSU (ii)(iv)	994	—	—
DSU (iii)	3,520	—	—
PSU (iii)	1,273	—	—
		946,773	936,606

- (i) The Company has a dividend reinvestment plan to provide holders of common shares a simple and convenient method to purchase additional common shares by reinvesting cash dividends, less any applicable withholding tax. A plan participant may obtain additional common shares by electing to automatically reinvest all or any portion of cash dividends paid on common shares held by the plan participant without paying any brokerage commissions, administrative costs or other service charges. During the year ended December 31, 2015, a total of 14,546,717 shares were subscribed to under the plan.
- (ii) For the twelve months ended December 31, 2015, these items have not been included in the weighted average number of shares as they are anti-dilutive.
- (iii) DSU and PSU are settled in cash and, as such, excluded from the calculation of the weighted average number of shares outstanding.
- (iv) Exclude RSU granted to Brio Gold employees that are redeemable in Brio Gold common shares.

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, 2015, the Company is contractually committed to the following:

	Within 1 year	Between 1 to 3 years	Between 3 to 5 years	After 5 years	Total
(In millions of US Dollars)					
Mine operating/construction and service contracts and other	\$ 365.5	\$ 245.1	\$ 47.4	\$ 0.2	\$ 658.2
Long-term debt principal repayments (i)	97.0	127.6	458.4	1,105.0	1,788.0
Decommissioning, restoration and similar liabilities (undiscounted) (ii)	14.3	36.8	32.9	203.5	287.5
	\$ 476.8	\$ 409.5	\$ 538.7	\$ 1,308.7	\$ 2,733.7

- (i) Excludes interest expense.
- (ii) As required by law, the Company arranged an irrevocable letter of credit for the amount of \$16.8 million (C\$23.2 million) in favor of the Government of Quebec as a guarantee of payment of the rehabilitation and restoration work relating to the Company's share of mining interest in Canadian Malartic. Such irrevocable letter of credit will be automatically extended for one year periods from expiration on September 15, 2016 and future expiration dates thereafter.

10. INCOME TAXES

The Company recorded an income tax recovery of \$647.9 million for the year ended December 31, 2015 (2014 - \$358.8 million expense). The decrease in the income tax expense for the year is a result of the reversal of deferred tax liabilities on impairment, the breakdown of which is as follows:

*For the years ended December 31,
(In millions of Dollars)*

	2015	2014
Adjusted income tax (recovery)/expense	\$ (20.2)\$	27.8
Non-cash tax expense related to unrealized foreign exchange	210.0	83.8
Non-cash tax recovery related to impairments	(837.6)	(153.7)
Change in tax rates	(9.4)	329.5
Tax on adjusted earnings items	9.3	71.4
Income tax (recovery)/expense	\$ (647.9)\$	358.8

The balance sheet reflects a deferred tax asset of \$88.6 million and a deferred tax liability of \$1.8 billion.

The income tax provision is subject to a number of factors including the source of income between different countries, different tax rates in the various jurisdictions, the non-recognition of tax assets, foreign currency exchange movements, changes in tax laws and the impact of specific transactions 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 Company calculates its current income tax expense on an entity by entity basis, and for that reason, it is possible to have a current income tax expense, even in periods when the Company has an overall loss, as the tax expense on profitable mines is often not offset by tax recoveries in other mines.

The Company has elected, under IFRS, to record foreign exchange related to deferred income tax assets and liabilities and interest and penalties related to income tax in 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, Mexican Peso and Canadian Dollar. Under IFRS, the US Dollar value of non-monetary assets are converted into local currency each quarter for the purpose of calculating the deferred tax owing in the event of the disposition of that asset. The difference in the value of the deferred tax owing from period to period as a result of fluctuations in local currency is recorded in the income tax expense. As a local currency depreciates in value relative to the US Dollar, an asset becomes more valuable in local currency, resulting in a higher notional non-cash deferred tax expense increasing the Company's consolidated income tax expense. When local currencies appreciate, relative to the US Dollar, the value of the asset is diminished in local currency, reducing the notional deferred tax owing resulting in a non-cash tax recovery.

During the period, the US Dollar strengthened against the Brazilian Real, the Argentinean Peso, the Mexican Peso and the Canadian Dollar. As a result, an expense of \$210.0 million relating to unrealized foreign exchange loss was recorded in the tax expense. The impact of these foreign exchange movements on taxes are non-cash and, as such, are excluded from adjusted earnings.

The deferred tax liabilities relating to the operating mines will reverse in the future as the assets are sold, 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:

<i>(in millions of US Dollars)</i>		2015	2014
Gualcamayo	\$	105.4	\$ 202.8
Jacobina	\$	139.1	\$ 101.3
Agua Rica	\$	396.1	\$ 396.1
El Peñón	\$	243.2	\$ 432.2
Canadian Malartic	\$	355.5	\$ 326.5
Exploration Potential	\$	432.9	\$ 551.4

See *Note 12: Income Taxes* to the Consolidated Annual Financial Statements for the year ended December 31, 2015 for a breakdown of the foreign exchange charged to the income tax expense. Readers are also encouraged to read and consider the tax related risk factors and uncertainties in the Company's Annual Information and Annual Management Discussion and Analysis Form for the year ended December 31, 2015.

11. ECONOMIC TRENDS, BUSINESS RISKS AND UNCERTAINTIES

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

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

Below is a summary of the principal financial risks and related uncertainties facing the Company. Readers are also encouraged to read and consider the risk factors more particularly described in the Company's Annual Information Form for the year ended December 31, 2015. Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Metal Price Risk

The Company's profitability and long-term viability depend, in large part, upon the market price of metals that may be produced from the Company's properties, primarily gold, copper and silver. Market price fluctuations of these commodities could adversely affect profitability of operations and lead to impairments of mineral properties. Metal prices fluctuate widely and are affected by numerous factors beyond the Company's control, including:

- global and regional supply and demand for industrial products containing metals generally;
- changes in global or regional investment or consumption patterns;
- increased production due to new mine developments and improved mining and production methods;
- decreased production due to mine closures;
- interest rates and interest rate expectation;
- expectations with respect to the rate of inflation or deflation;

- fluctuations in the value of the U.S. Dollar and other currencies;
- availability and costs of metal substitutes;
- global or regional political or economic conditions; and
- sales by central banks, holders, speculators and other producers of metals in response to any of the above factors.

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

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

Gold Price - Market Update



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

For the year ended December 31, 2015, spot gold prices averaged \$1,160 per ounce, or 8% lower, compared to \$1,266 per ounce in 2014. Prices ranged between \$1,049 and \$1,296 per ounce and ended the year at \$1,060 per ounce.

For the quarter ended December 31, 2015, spot gold prices averaged \$1,106 per ounce, or 8% lower, compared to \$1,201 per ounce in the fourth quarter of 2014. Prices ranged between \$1,049 and \$1,184 per ounce.

After rallying early in the fourth quarter, gold prices moved steadily lower as the US Dollar strengthened. The continued US Dollar strength, particularly against emerging market currencies, has limited the ability of gold to sustain a higher trend. In December, the US Federal Reserve increased the Fed Funds Rate by 0.25 percent, citing an improving US labour market and a higher inflation in the coming months. With the US Fed moving towards tighter monetary policy, while other central banks continue to maintain or adopt easier monetary policies, the US Dollar should stay reasonably strong over the short to medium term which could temporarily limit the upside for gold. Conversely, many governments continue to face challenging fiscal situations due to slow economic growth and elevated levels of debt, which should be supportive of gold over the longer term.

It is expected that physical demand will continue to be supportive during periods of price weakness. Central banks continue to be net buyers and are expected to continue for the foreseeable future. Global ETF gold holdings fell by about 2 million ounces over the course of the quarter and currently sit at approximately 50 million ounces.

The Company has not hedged any of its gold sales.

Copper Price - Market Update



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

For the year ended December 31, 2015, spot copper prices averaged \$2.50 per pound, representing a decrease of 20% compared to \$3.11 per pound in 2014. Prices ranged between \$2.05 and \$2.94 per pound and ended the year at \$2.13 per pound.

For the quarter ended December 31, 2015, spot copper prices averaged \$2.22 per pound, representing a decrease of 26% compared to \$3.01 per pound in the fourth quarter of 2014. Prices ranged between \$2.05 and \$2.42 per pound.

Copper prices moved lower over the course of the fourth quarter as concerns about slowing economic growth in China continued to weigh on prices. It is expected that the performance of the Chinese economy will continue to be a primary driver of prices going forward. Supply cuts that have been announced over the past several months have helped push the market towards balance and should be more supportive of copper prices over the longer term.

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. As at December 31, 2015, the Company had 42 million pounds of copper forward contracts in place for the first half of 2016 at an average sales price of \$2.20 per pound.

Currency Risk

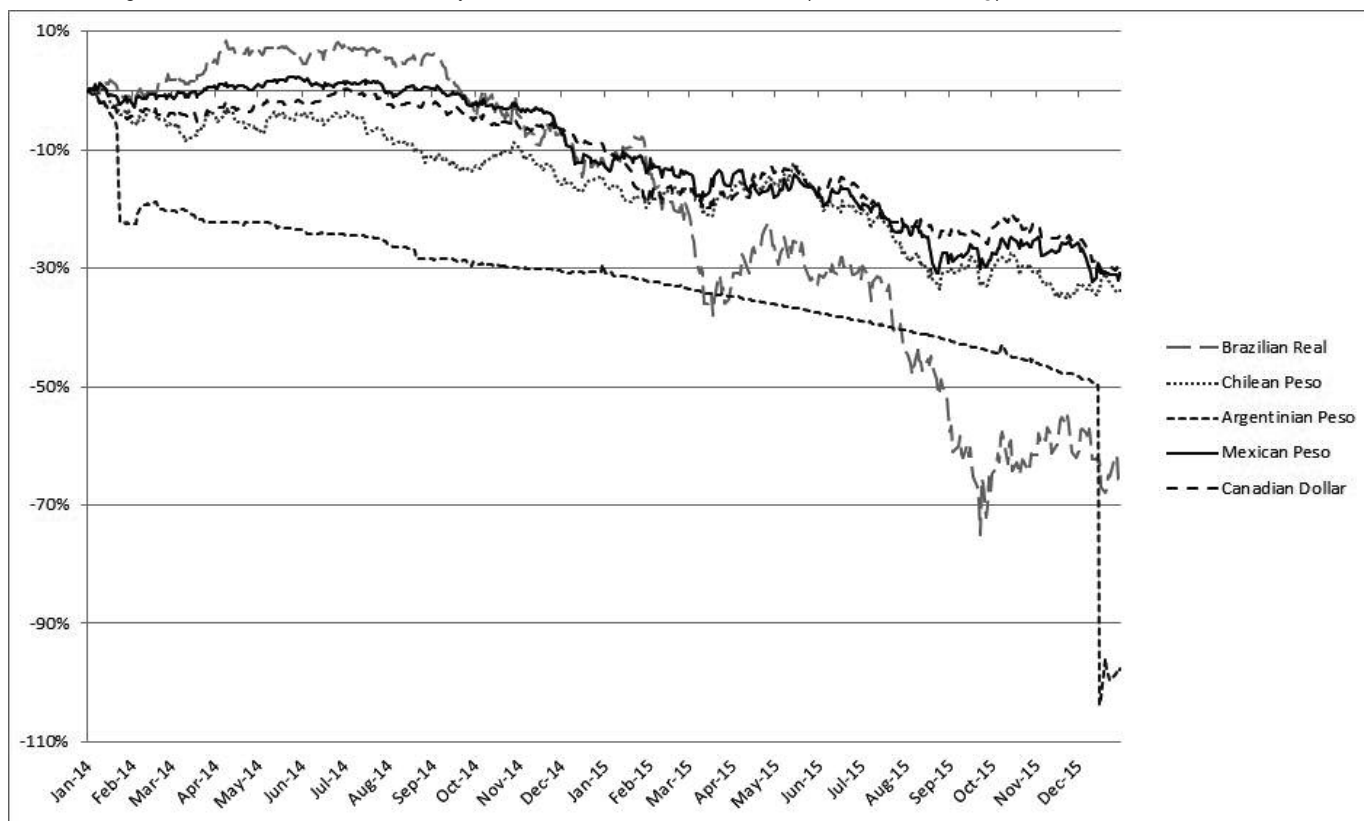
Currency fluctuations may affect the Company's capital costs and the costs that the Company incurs at its operations. Gold is sold throughout the world based principally on a US Dollar price, but a portion of the Company's operating and capital expenses are incurred in Brazilian reals, Argentine pesos, Chilean pesos, Mexican pesos and Canadian dollars. The appreciation of these foreign currencies against the US Dollar would increase the costs of production at such mining operations, which could materially and adversely affect the Company's earnings and financial condition. The Company may enter into forward contracts, from time to time, to hedge against the risk of an increase in the value of foreign currencies in the jurisdictions in which the Company operates. Following a period of sustained decline in these foreign currencies, as at December 31, 2015, the Company has temporarily halted its hedging program and does not have any outstanding contracts.

US Dollar - Market Update

The US Dollar continues to show strength and all of the Company's operating currencies weakened between 17% and 51% against the US Dollar during 2015. There is potential for additional US Dollar strength going forward, as US economic performance is expected to surpass that of many other countries.

The aforementioned divergence in global monetary policies, and the expectation of better US economic growth relative to other G10 countries, is likely to attract investment flows into the US which should result in continued US Dollar strength, albeit at a more moderate pace. Should this occur, the Company will continue to benefit in the form of lower operating costs, given that the foreign exchange requirements for 2016 and beyond are unhedged.

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



Average and Period-end Market Exchange Rate

<i>For the three months ended December 31,</i>	2015	2014	Variance
Average Exchange Rate			
USD-CAD	1.3362	1.1364	17.6%
USD-BRL	3.8479	2.5499	50.9%
USD-ARG	10.1472	8.5123	19.2%
USD-CLP	698.10	598.46	16.6%
USD-MXN	16.7689	13.9020	20.6%

<i>For the year ended December 31,</i>	2015	2014	Variance
Average Exchange Rate			
USD-CAD	1.2792	1.1046	15.8%
USD-BRL	3.3364	2.3534	41.8%
USD-ARG	9.2610	8.1247	14.0%
USD-CLP	654.68	570.87	14.7%
USD-MXN	15.8833	13.3120	19.3%

<i>As at December 31,</i>	2015	2014	Variance
Period-end Exchange Rate			
USD-CAD	1.3839	1.1621	19.1%
USD-BRL	3.9608	2.6576	49.0%
USD-ARG	12.9315	8.4650	52.8%
USD-CLP	708.60	606.45	16.8%
USD-MXN	17.2075	14.7520	16.6%

Counterparty, Credit and Interest Rate Risk

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

The development of the Company's projects and the construction of mining facilities and commencement of mining operations may require substantial additional financing. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of a property interest. Additional financing may not be available when needed, or if available, the terms of such financing might not be favorable to the Company. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Under the terms of the Company's trading agreements, counterparties cannot require the Company to immediately settle outstanding derivatives except upon the occurrence of customary events of default. The Company mitigates

liquidity risk through the implementation of its Capital Management Policy by managing its capital expenditures, forecast and operational cash flows, and by maintaining adequate lines of credit. The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, pay dividends, or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as capital and operating budgets.

Other Risks

For further information regarding the Company's operational risks that may have an adverse financial impact on the Company, please refer to the section entitled "Risk Factors" in the Annual Information Form for the year ended December 31, 2014, available at www.sedar.com and to the Company's Annual Information Form for the year ended December 31, 2015 to be filed on SEDAR.

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 Consolidated Annual Financial Statements of the Company.

In December 2012, the Company received assessments from the Brazilian federal tax authorities disallowing certain deductions relating to financial instruments used to finance Brazilian operations for the years 2007 to 2010. The Company believes that these financial instruments were issued on commercial terms permitted under applicable laws and is appealing 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 Annual Financial Statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The significant accounting policies applied and recent accounting pronouncements are described in *Note 3* and *Note 5* to the Company's Consolidated Annual Financial Statements for the year ended December 31, 2015.

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

The critical judgments and key sources of estimation uncertainties in the application of accounting policies during the year quarter ended December 31, 2015 are disclosed in *Note 4* to the Company's Consolidated Annual Financial Statements for the year ended December 31, 2015.

14. NON-GAAP AND ADDITIONAL MEASURES

The Company has included certain non-GAAP measures including *Cash costs per ounce of gold*, *Cash costs per ounce of silver*, *Co-product cash costs per ounce of gold*, *Co-product cash costs per ounce of silver*, *Co-product cash costs per pound of copper*, *All-in sustaining costs per ounce of gold*, *All-in sustaining costs per ounce of silver*, *All-in sustaining co-product costs per ounce of gold*, *All-in sustaining co-product costs per ounce of silver*, *Adjusted earnings or loss*, *Adjusted earnings or loss per share* and *Net debt*, to supplement its Consolidated Annual Financial Statements, which are presented in accordance with 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 AND ALL-IN SUSTAINING COSTS

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

The measure of cash costs, along with revenue from sales, is considered to be a key indicator of a company's ability to generate operating earnings and cash flows from its mining operations. This data is furnished to provide additional information and is a non-GAAP 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.

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

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

Beginning January 1, 2015, the Company realigned key performance indicators ("KPIs") to support its objective of financial and operating predictability, as such, it no longer discloses a combined precious metal production unit in gold equivalent ounce. Silver production is no longer treated as a gold equivalent. The Company reports production and cost information for gold, silver and copper separately and in

addition, by-product costs for gold and silver, applying copper as the credit based on revenue contribution. There is no change in the calculation of copper cash costs.

With this realignment, the KPIs are as follows:

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

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

All-in Sustaining Costs

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

- All-in sustaining costs reflect by-product copper revenue credits and 100% of the aforementioned cost components.
- All-in sustaining co-product costs reflect allocations of the aforementioned cost components on the basis that is consistent with the nature of each of the cost component to the gold, silver or copper production activities.

Cash costs per ounce of gold and silver, co-product cash costs per ounce of gold and silver, all-in sustaining costs per ounce of gold and silver and all-in sustaining co-product costs per ounce of gold and silver are from continuing operations and, as applicable, exclude Ernesto/Pau-a-Pique, a discontinued operation.

The following tables provide a reconciliation of cost of sales per the Consolidated Annual Financial Statements to (i) Cash costs per ounce of gold and per ounce of silver, (ii) Co-product cash costs per ounce of gold and per ounce of silver, (iii) Co-product cash costs per pound of copper, (iv) All-in sustaining costs per ounce of gold and per ounce of silver, and (v) All-in sustaining co-product costs per ounce of gold and per ounce of silver.

(i) **Reconciliation of Cost of Sales per the Consolidated Annual Financial Statements to cash costs of gold and silver from continuing operations:**

Gold Cash Costs <i>(In millions of US Dollars, except ounces and cash costs per ounce produced)</i>	<i>Three months ended December 31,</i>		<i>Year ended December 31,</i>	
	2015	2014	2015	2014
Cost of sales (i) (ii)	\$ 269.7 \$	318.7 \$	1,088.0 \$	1,045.8
Adjustments:				
Chapada treatment and refining costs related to gold, silver and copper	13.0	10.3	39.9	36.1
By-product costs related to silver	(14.7)	(15.5)	(64.1)	(60.0)
Inventory movements and adjustments	(7.3)	(23.9)	(16.4)	(28.7)
Commercial, overseas freight and other costs	(4.5)	(9.2)	(13.8)	(21.6)
By-product credits from Chapada copper revenue including copper pricing adjustment	(77.2)	(101.3)	(312.9)	(381.0)
Total gold cash costs (excluding Alumbra)	\$ 179.0 \$	179.1 \$	720.7 \$	590.6
Minera Alumbra (12.5% interest) cash costs	8.1	0.7	39.1	(14.0)
Total gold cash costs (iii)	\$ 187.1 \$	179.8 \$	759.8 \$	576.6
Commercial gold ounces produced excluding Alumbra	337,201	336,455	1,250,361	1,077,367
Commercial gold ounces produced including Alumbra	345,788	350,159	1,274,916	1,117,018
Total cash costs (excluding Alumbra) per gold ounce produced	\$ 531 \$	533 \$	576 \$	549
Minera Alumbra (12.5% interest) cash costs per gold ounce produced	10	(20)	20	(33)
Total cash costs per gold ounce produced	\$ 541 \$	513 \$	596 \$	516

Silver Cash Costs <i>(In millions of US Dollars, except ounces and cash costs per ounce produced)</i>	<i>Three months ended December 31,</i>		<i>Year ended December 31,</i>	
	2015	2014	2015	2014
Cost of sales (i) (ii)	\$ 269.7 \$	318.7 \$	1,088.0 \$	1,045.8
Adjustments:				
Chapada treatment and refining costs related to gold, silver and copper	13.0	10.3	39.9	36.1
By-product costs related to gold	(179.1)	(179.1)	(720.6)	(590.6)
Inventory movements and adjustments	(7.3)	(23.9)	(16.4)	(28.7)
Commercial, overseas freight and other costs	(4.5)	(9.2)	(13.8)	(21.6)
By-product credits from Chapada copper revenue including copper pricing adjustment	(77.2)	(101.3)	(312.9)	(381.0)
Total silver cash costs (iii)	\$ 14.6 \$	15.5 \$	64.2 \$	60.0
Commercial silver ounces produced	1,959,586	2,652,036	9,011,285	10,145,522
Total cash costs per silver ounce produced	\$ 7.48 \$	5.86 \$	7.12 \$	5.91

(i) Cost of sales includes non-cash items including the impact of the movement in inventory. Beginning January 1, 2015, the Company revised the presentation of the reportable cash costs and all-in sustaining costs. Comparatives have been restated to conform to the change in presentation adopted in the current period.

(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 Annual Financial Statements to co-product cash costs of gold and silver from continuing operations:

Gold Cash Costs <i>(In millions of US Dollars, except ounces and cash costs per ounce produced)</i>	<i>Three months ended December 31,</i>		<i>Year ended December 31,</i>	
	2015	2014	2015	2014
Cost of sales (i) (iii)	\$ 269.7	\$ 318.7	\$ 1,088.0	1,045.8
Adjustments:				
Copper contained in concentrate related cash costs <i>(excluding related TCRC's) (ii)</i>	(36.4)	(46.1)	(157.0)	(192.6)
Silver related cash costs <i>(excluding related TCRC's) (ii)</i>	(17.2)	(20.8)	(74.6)	(78.2)
Treatment and refining costs ("TCRC") related to Chapada gold	1.9	1.4	5.6	4.9
Inventory movements and adjustments	(7.3)	(23.4)	(16.5)	(28.6)
Commercial, overseas freight and other costs	(4.5)	(9.2)	(13.8)	(21.6)
Total gold co-product cash costs (excluding Alumbreira)	\$ 206.2	\$ 220.6	\$ 831.7	729.7
Minera Alumbreira (12.5% interest) gold cash costs	3.1	3.4	12.9	12.8
Total gold co-product cash costs (iii)	\$ 209.3	\$ 224.0	\$ 844.6	742.5
Commercial gold ounces produced excluding Alumbreira	337,201	336,455	1,250,361	1,077,367
Commercial gold ounces produced including Alumbreira	345,788	350,159	1,274,916	1,117,018
Total co-product cash costs (excluding Alumbreira) per gold ounce produced	\$ 611	\$ 656	\$ 665	677
Minera Alumbreira (12.5% interest) cash costs per gold ounce produced	(6)	(16)	(3)	(12)
Total co-product cash costs per gold ounce produced	\$ 605	\$ 640	\$ 662	665

Silver Cash Costs <i>(In millions of US Dollars, except ounces and cash costs per ounce produced)</i>	<i>Three months ended December 31,</i>		<i>Year ended December 31,</i>	
	2015	2014	2015	2014
Cost of sales (i) (iii)	\$ 269.7	\$ 318.7	\$ 1,088.0	1,045.8
Adjustments:				
Copper contained in concentrate related cash costs <i>(excluding related TCRC's) (ii)</i>	(204.2)	(46.1)	(826.2)	(192.6)
Gold related cash costs <i>(excluding related TCRC's) (ii)</i>	(36.4)	(219.2)	(157.0)	(724.8)
Treatment and refining costs ("TCRC") related to Chapada silver	0.1	0.1	0.2	0.1
Inventory movements and adjustments	(7.4)	(23.4)	(16.5)	(28.7)
Commercial, overseas freight and other costs	(4.5)	(9.2)	(13.8)	(21.6)
Total silver co-product cash costs (iii)	\$ 17.3	\$ 20.9	\$ 74.7	78.2
Commercial silver ounces produced	1,959,586	2,652,036	9,011,285	10,145,522
Total co-product cash costs per silver ounce produced	\$ 8.78	\$ 7.88	\$ 8.28	7.70

- (i) Cost of sales includes non-cash items including the impact of the movement in inventory. Beginning January 1, 2015, the Company revised the presentation of the reportable cash costs and all-in sustaining costs. Comparatives have been restated to conform to the change in presentation adopted in the current period.
- (ii) Costs directly attributed to a specific metal are allocated to that metal. Costs not directly attributed to a specific metal are allocated based on relative value. As a rule of thumb, the relative value is 80% copper, 20% gold and silver at Chapada (2014 - 80% copper and 20% gold and silver). 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 Annual Financial Statements to co-product cash costs of copper:

Copper Cash Costs <i>(In millions of US Dollars, except pounds and cash costs per pound produced)</i>	<i>Three months ended December 31,</i>		<i>Year ended December 31,</i>	
	2015	2014	2015	2014
Cost of sales (i) (iii)	\$ 269.7	\$ 318.7	\$ 1,088.0	1,045.8
Adjustments:				
Gold related cash costs <i>(excluding related TCRC's) (ii)</i>	(204.2)	(219.2)	(826.2)	(724.8)
Silver related cash costs <i>(excluding related TCRC's) (ii)</i>	(17.2)	(20.8)	(74.6)	(78.1)
TCRC related to Chapada copper	11.1	8.7	34.3	31.1
Inventory movements and adjustments	(7.3)	(23.4)	(16.5)	(28.7)
Commercial, overseas freight and other costs	(4.5)	(9.2)	(13.8)	(21.6)
Total copper co-product cash costs (excluding Alumbraera)	\$ 47.6	\$ 54.8	\$ 191.2	223.7
Minera Alumbraera (12.5% interest) copper cash costs	14.5	16.2	58.0	63.2
Total copper co-product cash costs (iii)	\$ 62.1	\$ 71.0	\$ 249.2	286.9
Commercial copper produced excluding Alumbraera (millions of lbs)	36.6	35.0	131.0	133.5
Commercial copper produced including Alumbraera (millions of lbs)	43.7	44.0	148.0	161.7
Total co-product cash costs (excluding Alumbraera) per pound of copper produced	\$ 1.30	\$ 1.57	\$ 1.46	1.68
Minera Alumbraera (12.5% interest) co-product cash costs per pound of copper produced	0.12	0.04	0.22	0.09
Total co-product cash costs per pound of copper produced	\$ 1.42	\$ 1.61	\$ 1.68	1.77

- (i) Cost of sales includes non-cash items including the impact of the movement in inventory. Beginning January 1, 2015, the Company revised the presentation of the reportable cash costs and all-in sustaining costs. Comparatives have been restated to conform to the change in presentation adopted in the current period.
- (ii) Costs directly attributed to a specific metal are allocated to that metal. Costs not directly attributed to a specific metal are allocated based on relative value. As a rule of thumb, the relative value is 80% copper, 20% gold and silver at Chapada (2014 - 80% copper and 20% gold and silver). 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 costs from continuing operations:

Gold All-in Sustaining Costs <i>(In millions of US Dollars, except ounces and all-in sustaining costs per ounce produced)</i>	<i>Three months ended December 31,</i>		<i>Year ended December 31,</i>	
	2015	2014	2015	2014
Total gold cash costs (i)	\$ 187.1	\$ 179.8	\$ 759.8	576.6
General and administrative, excluding share-based compensation	19.6	23.2	92.3	93.2
Sustaining capital expenditures	47.2	77.8	201.4	269.4
Exploration and evaluation expense	6.4	5.2	20.5	17.5
Total gold all-in sustaining costs	\$ 260.3	\$ 286.0	\$ 1,074.0	956.7
Commercial gold ounces produced including Alumbraera	345,788	350,159	1,274,916	1,117,018
Total all-in sustaining costs per gold ounce produced	\$ 753	\$ 816	\$ 842	857

Silver All-in Sustaining Costs <i>(In millions of US Dollars, except ounces and all-in sustaining costs per ounce produced)</i>	<i>Three months ended December 31,</i>		<i>Year ended December 31,</i>	
	2015	2014	2015	2014
Total silver cash costs (i)	\$ 14.6	\$ 15.5	\$ 64.2	60.0
General and administrative, excluding share-based compensation	1.6	2.6	8.6	11.2
Sustaining capital expenditures	4.2	7.6	22.3	34.3
Exploration and evaluation expense	0.7	8.0	2.3	2.5
Total silver all-in sustaining costs	\$ 21.1	\$ 25.7	\$ 97.5	108.0
Commercial silver ounces produced	1,959,586	2,652,036	9,011,285	10,145,522
Total all-in sustaining costs per silver ounce produced	\$ 10.78	\$ 10.02	\$ 10.81	10.64

- (j) Chapada copper revenue credits are reflected in cash costs. Beginning January 1, 2015, the Company revised the presentation of the reportable cash costs and all-in sustaining costs. Comparatives have been restated to conform to the change in presentation adopted in the current period.

(v) All-in sustaining costs on a co-product basis from continuing operations:

Gold All-in Sustaining Co-product Costs (In millions of US Dollars, except ounces and all-in sustaining costs per ounce produced)	Three months ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
Total gold co-product cash costs	\$ 209.3	\$ 223.2	\$ 844.6	\$ 742.5
General and administrative, excluding share-based compensation (i)	16.7	19.0	78.3	75.9
Sustaining capital expenditures (ii)	40.0	65.9	168.0	234.4
Exploration and evaluation expense (i)	5.0	3.7	16.7	12.3
Total gold all-in sustaining co-product costs (iii)	\$ 271.0	\$ 311.8	\$ 1,107.6	\$ 1,065.1
Commercial gold ounces produced including Alumbra	345,788	350,159	1,274,916	1,117,018
Total all-in sustaining co-product costs per gold ounce produced	\$ 784	\$ 893	\$ 868	\$ 954

Silver All-in Sustaining Co-product Costs (In millions of US Dollars, except ounces and all-in sustaining costs per ounce produced)	Three months ended December 31,		Year ended December 31,	
	2015	2014	2015	2014
Total silver co-product cash costs	\$ 17.3	\$ 20.9	\$ 74.7	\$ 78.2
General and administrative, excluding share-based compensation (i)	1.3	2.1	7.0	9.0
Sustaining capital expenditures (ii)	3.4	6.0	18.9	29.7
Exploration and evaluation expense (i)	0.5	0.6	1.8	1.8
Total silver all-in sustaining co-product costs (iii)	\$ 22.5	\$ 29.6	\$ 102.3	\$ 118.7
Commercial silver ounces produced	1,959,586	2,652,036	9,011,285	10,145,522
Total all-in sustaining co-product costs per silver ounce produced	\$ 11.46	\$ 11.17	\$ 11.35	\$ 11.69

- (i) Chapada's general and administrative expense and exploration expense are allocated reflecting costs incurred on the related activities at Chapada. G&A and exploration expenses of all other operations are allocated based on the relative proportions of consolidated revenues from gold and silver sales.
- (ii) Chapada's sustaining capital expenditures are allocated reflecting costs incurred on the related activities at Chapada. Sustaining capital expenditures of all other operations are allocated based on the relative proportions of consolidated revenues from gold and silver sales.
- (iii) Beginning January 1, 2015, the Company revised the presentation of the reportable cash costs and all-in sustaining costs. Comparatives have been restated to conform to the change in presentation adopted in the current period.

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 Annual 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 derivatives, (e) impairment losses and reversals on mineral interests and other assets, (f) deferred income tax expense (recovery) on the translation of foreign currency inter-corporate debt, (g) mark-to-market (gains)/ losses on available-for-sale securities and other assets, (h) one-time tax adjustments to historical deferred income tax balances relating to changes in enacted tax rates, (i) reorganization costs, (j) non-recurring provisions, (k) (gains) losses on sale of assets, (l) any other non-recurring adjustments and the tax impact of any of these adjustments calculated at the statutory effective rate for the same jurisdiction as the adjustment. 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 or Loss” and “Adjusted Earnings or 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.

Reconciliations of Adjusted Earnings to net earnings is provided in Section 5.1, *Annual Overview of Financial Results* and Section 5.3, *Fourth Quarter Overview of Financial Results* for the year and three months ended December 31, 2015, respectively. The reconciliations on a per share basis are as follows:

	For the three months ended		For the year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Net (loss)/earnings per share from continuing operations attributable to \$ Yamana Gold Inc. equity holders - basic	(1.95)\$	(0.34)\$	(2.24)\$	(1.45)
Non-cash unrealized foreign exchange (gains)/losses	0.02	—	(0.02)	(0.03)
Impact of change in Chilean tax rates on non-cash deferred tax expense	—	—	—	0.40
Share-based payments/mark-to-market of deferred share units	0.01	—	0.01	0.01
Demobilization and reorganization costs	—	0.01	0.01	0.04
Transaction costs related to the acquisition of Osisko	—	—	—	0.04
Loss on sale of assets	0.01	—	—	0.01
Impairment of mineral properties	2.73	0.23	2.77	0.92
Impairment of investment in available-for-sale securities and other assets	0.04	0.02	0.03	0.05
Other non-recurring provisions and other adjustments	—	0.06	0.02	0.06
Adjusted earnings/(loss) before income tax effect	\$ 0.86	\$ (0.02)	\$ 0.58	0.05
Non-cash tax on unrealized foreign exchange gains	—	0.04	0.22	0.10
Income tax effect of adjustments	(0.87)	(0.04)	(0.87)	(0.10)
Adjusted (loss)/earnings per share from continuing operations attributable to Yamana Gold Inc. equity holders - basic	\$ (0.01)\$	(0.02)\$	(0.07)\$	0.05
Net (loss)/earnings per share from continuing operations attributable to \$ Yamana Gold Inc. equity holders - diluted	(1.95)\$	(0.34)\$	(2.24)\$	(1.45)
Non-cash unrealized foreign exchange (gains)/losses	0.02	—	(0.02)	(0.03)
Impact of change in Chilean tax rates on non-cash deferred tax expense	—	—	—	0.40
Share-based payments/mark-to-market of deferred share units	0.01	—	0.01	0.01
Demobilization and reorganization costs	—	0.01	0.01	0.04
Transaction costs related to the acquisition of Osisko	—	—	—	0.04
Loss on sale of assets	0.01	—	—	0.01
Impairment of mineral properties	2.73	0.23	2.77	0.92
Impairment of investment in available-for-sale securities and other assets	0.04	0.02	0.03	0.05
Other non-recurring provisions and other adjustments	—	0.06	0.02	0.06
Adjusted earnings/(loss) before income tax effect	\$ 0.86	\$ (0.02)	\$ 0.58	0.05
Non-cash tax on unrealized foreign exchange gains	—	0.04	0.22	0.10
Income tax effect of adjustments	(0.87)	(0.04)	(0.87)	(0.10)
Adjusted (loss)/earnings per share from continuing operations attributable to Yamana Gold Inc. equity holders - diluted	\$ (0.01)\$	(0.02)\$	(0.07)\$	0.05
Weighted average number of shares outstanding (in thousands)				
Basic	946,773	877,664	936,606	820,782
Diluted	946,773	880,841	936,606	822,505

ADJUSTED OPERATING CASH FLOWS

The Company uses the financial measures "Adjusted Operating Cash Flows" 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 Operating Cash Flows is not meant to be a substitute for the cash flows information presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. Adjusted Operating Cash Flows is calculated as the sum of cash flows from operating activities before changes in working capital and non-recurring cash items such as the cash on deferred revenue, transaction costs on acquisition, reorganization and demobilization costs which are paid in cash. Reconciliations of Adjusted Operating Cash Flows to cash flows from operating activities before changes in working capital is provided in Section 5.1, *Annual Overview of Financial Results* and Section 5.3, *Fourth Quarter Overview of Financial Results* for the year and three months ended December 31, 2015, respectively.

NET DEBT

The Company uses the financial measure "Net Debt" to supplement information in its Consolidated Annual 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 Net Debt is not meant to be a substitute for the debt information presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. Net Debt is calculated as the sum of the current and non-current portions of long-term debt excluding debt assumed from the Company's 50% interest in Canadian Malartic which is neither corporate nor guaranteed by the Company net of the cash and cash equivalent balance as at the balance sheet date. A reconciliation of the non-GAAP measure is provided below:

As at, (In millions of US Dollars)	December 31, 2015	December 31, 2014
Debt		
Non-current portion	\$ 1,676.7	\$ 2,025.4
Current portion	97.0	34.6
Total debt	\$ 1,773.7	\$ 2,060.0
Less: Canadian Malartic debt	42.2	105.2
Less: Cash and cash equivalents	119.9	191.0
Net Debt	\$ 1,611.6	\$ 1,763.8

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 excluding depletion, depreciation and amortization*- represents the amount of revenue in excess of cost of sales excluding depletion, depreciation and amortization.
- *Mine operating earnings* - represents the amount of revenue in excess of cost of sales excluding depletion, depreciation and amortization and depletion, depreciation and amortization.
- *Operating earnings* - represents the amount of earnings before net finance income/expense and income tax recovery/expense.
- *Cash flows from operating activities before net change in working capital* — excludes the movement from period-to-period in working capital items including trade and other receivables, other assets, inventories, trade and other payables.
- *Depletion, depreciation and amortization ("DDA") per ounce of gold and silver, and per pound of copper* — is a unitary measure of DD&A, based on ounces of gold and silver, and pound of copper sold to supplement the Company's disclosure with respect to the performance of each of the operation mines.

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

15. SELECTED QUARTERLY FINANCIAL AND OPERATING SUMMARY

	Dec. 31, 2015	Sept. 30, 2015 (vi)	Jun. 30, 2015 (vi)	Mar. 31, 2015 (vi)
<i>(In millions of US Dollars, unless otherwise noted)</i>				
Financial results				
Revenue (i)	\$ 463.0	\$ 448.9	\$ 455.0	\$ 458.1
Mine operating earnings	\$ 195	\$ 49.7	\$ 58.4	\$ 40.2
Net loss from continuing operations (iv)	\$ (1,842.2)	\$ (115.0)	\$ (7.0)	\$ (135.2)
Adjusted loss (ii) from continuing operations (iv)	\$ (7.5)	\$ (20.2)	\$ (8.3)	\$ (37.5)
Net loss (iv)	\$ (1,842.0)	\$ (113.0)	\$ (7.8)	\$ (151.8)
Cash flows from operating activities from continuing operations	\$ 328.7	\$ 77.6	\$ 123.4	\$ 2.0
Cash flows from operating activities before net change in working capital (ii)	\$ 297.6	\$ 127.6	\$ 149.3	\$ 96.0
Cash flows to investing activities from continuing operations	\$ (151.8)	\$ (65.7)	\$ (101.4)	\$ (73.2)
Cash flows (to)/from financing activities operations from continuing operations	\$ (192.9)	\$ 9.0	\$ (23.8)	\$ 2.9
Per share financial results				
<i>Net loss per share from continuing operations attributable to Yamana equity holders</i>				
Basic and diluted	\$ (1.95)	\$ (0.12)	\$ (0.01)	\$ (0.15)
<i>Adjusted loss per share (ii) from continuing operations attributable to Yamana equity holders</i>				
Basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.04)
Weighted average number of common shares outstanding				
Basic and diluted (in thousands)	946,773	946,563	938,900	913,716
Financial position				
Cash and cash equivalents	\$ 119.9	\$ 137.8	\$ 119.1	\$ 121.1
Total assets	\$ 9,518.1	\$ 12,244.7	\$ 94,427.5	\$ 12,487.6
Total non-current liabilities	\$ 4,111.4	\$ 5,012.1	\$ 4,929.5	\$ 5,007.9
Production - Gold				
Gold ounces produced (v)	345,788	325,897	298,818	304,414
Discontinued operations - gold ounces	—	—	—	460
Total gold ounces produced	345,788	325,897	298,818	304,874
Cash costs per gold ounce produced (iii) (v)	\$ 541	\$ 594	\$ 603	\$ 654
Co-product cash costs per gold ounce produced (ii) (v)	\$ 605	\$ 653	\$ 701	\$ 696
All-in sustaining costs per gold ounce produced (ii) (v)	\$ 753	\$ 841	\$ 896	\$ 893
All-in sustaining co-product costs per gold ounce produced (iii) (v)	\$ 784	\$ 856	\$ 949	\$ 896
Production - Silver				
Commercial silver ounces produced (v)	1,959,586	2,196,744	2,372,047	2,482,910
Cash costs per silver ounce produced (ii) (v)	\$ 7.48	\$ 7.37	\$ 6.59	\$ 7.10
Co-product cash costs per silver ounce produced (ii) (v)	\$ 8.78	\$ 8.46	\$ 8.29	\$ 7.71
All-in sustaining costs per silver ounce produced (ii) (v)	\$ 10.78	\$ 11.32	\$ 10.72	\$ 10.45
All-in sustaining co-product costs per silver ounce produced (iii) (v)	\$ 11.46	\$ 11.67	\$ 11.81	\$ 10.55
Production - Other				
Chapada concentrate production (tonnes)	70,255	63,259	61,324	47,685
Chapada copper contained in concentrate (millions of pounds)	36.6	34.0	33.6	26.8
Chapada co-product cash costs per pound of copper produced	\$ 1.30	\$ 1.41	\$ 1.39	\$ 1.81
Sales Included in Revenue (excluding 12.5% interest in Alumbra)				
Gold (ounces)	342,194	317,859	292,181	296,167
Silver (millions of ounces)	1.9	2.2	2.3	2.4
Chapada concentrate (tonnes)	74,538	55,460	60,455	50,337
Chapada payable copper contained in concentrate (millions of pounds)	38.6	29.1	31.5	26.7
Average Realized Prices				
Gold - per ounce (i)	\$ 1,101	\$ 1,122	\$ 1,195	\$ 1,217
Silver - per ounce (i)	\$ 14.67	\$ 14.88	\$ 16.28	\$ 16.74
Copper - per pound (i)	\$ 2.22	\$ 2.85	\$ 2.91	\$ 2.89

	Dec. 31, 2014 (iv)	Sept. 30, 2014 (iv)	Jun. 30, 2014 (iv)	Mar. 31, 2014
<i>(In millions of US Dollars, unless otherwise noted)</i>				
Financial results				
Revenues (i)	\$ 542.9	\$ 494.4	\$ 443.8	\$ 353.9
Mine operating earnings	\$ 87.6	\$ 84.2	\$ 80.8	\$ 33.1
Net (loss)/earnings from continuing operations (iv)	\$ (299.5)	\$ (879.6)	\$ 15.7	\$ (31.4)
Adjusted (loss)/earnings (ii) from continuing operations (iv)	\$ (16.2)	\$ (1.3)	\$ 49.9	\$ 9.9
Net (loss)/earnings (iv)	\$ (335.3)	\$ (1,023.3)	\$ 5.1	\$ (29.6)
Cash flows from operating activities from continuing operations	\$ 183.6	\$ 156.6	\$ 143.0	\$ 30.7
Cash flows from operating activities before net change in working capital (iii)	\$ 166.4	\$ 180.7	\$ 148.9	\$ 93.9
Cash flows to investing activities from continuing operations	\$ (150.7)	\$ (197.3)	\$ (653.7)	\$ (139.2)
Cash flows from/(to) financing activities operations from continuing operations	\$ (10.4)	\$ 34.1	\$ 419.3	\$ 97.2
Per share financial results				
<i>(Loss)/earnings per share from continuing operations attributable to Yamana equity holders</i>				
Basic and diluted	\$ (0.69)	\$ (1.00)	\$ 0.02	\$ (0.04)
<i>Adjusted (loss)/earnings per share (ii) from continuing operations attributable to Yamana equity holders</i>				
Basic and diluted	\$ (0.02)	\$ —	\$ 0.06	\$ 0.01
Weighted average number of common shares outstanding - basic (in thousands)	877,664	877,551	772,565	753,356
Weighted average number of common shares outstanding - diluted (in thousands)	880,841	877,551	773,602	753,356
Financial position				
Cash and cash equivalents	\$ 191.0	\$ 167.0	\$ 174.0	\$ 209.5
Total assets	\$ 12,484.0	\$ 12,866.9	\$ 13,555.9	\$ 11,375.5
Total non-current liabilities	\$ 5,017.3	\$ 5,139.7	\$ 4,760.2	\$ 3,717.2
Production - Gold				
Commercial gold ounces produced (v)	350,159	302,875	259,728	204,254
Commissioning gold ounces produced (iii) (v)	—	23,722	19,390	18,605
Discontinued operations - gold ounces	2,414	5,745	5,246	5,511
Total gold ounces produced	352,573	332,342	284,364	228,370
Cash costs per gold ounce produced (ii) (v)	\$ 513	\$ 528	\$ 540	\$ 474
Co-product cash costs per gold ounce produced (ii) (v)	\$ 640	\$ 695	\$ 646	\$ 687
All-in sustaining costs per gold ounce produced (ii) (v)	\$ 816	\$ 867	\$ 897	\$ 859
All-in sustaining co-product costs per gold ounce produced (ii) (v)	\$ 893	\$ 971	\$ 951	\$ 1,034
Production - Silver				
Commercial silver ounces produced (v)	2,652,036	2,946,664	2,369,969	2,176,853
Cash costs per silver ounce produced (ii) (v)	\$ 5.86	\$ 4.80	\$ 6.57	\$ 6.76
Co-product cash costs per silver ounce produced (ii) (v)	\$ 7.88	\$ 6.84	\$ 8.01	\$ 8.32
All-in sustaining costs per silver ounce produced (ii) (v)	\$ 10.02	\$ 8.80	\$ 11.76	\$ 12.67
All-in sustaining co-product costs per silver ounce produced (ii) (v)	\$ 11.17	\$ 9.99	\$ 12.47	\$ 13.77
Production - Other				
Chapada concentrate production (tonnes)	63,955	69,279	60,975	51,570
Chapada copper contained in concentrate production (millions of pounds)	35.0	38.0	33.0	27.6
Chapada co-product cash costs per pound of copper produced	\$ 1.57	\$ 1.59	\$ 1.75	\$ 1.84
Sales Included in Revenue (excluding 12.5% interest in Alumbra)				
Gold (ounces)	346,588	281,681	247,661	192,586
Silver (millions of ounces)	2.8	2.7	2.2	2.2
Chapada concentrate (tonnes)	66,534	70,288	56,010	48,747
Chapada payable copper contained in concentrate (millions of pounds)	33.8	35.7	28.7	25.4
Average Realized Prices				
Gold - per ounce (i)	\$ 1,199	\$ 1,276	\$ 1,292	\$ 1,300
Silver - per ounce (i)	\$ 16.39	\$ 19.27	\$ 19.81	\$ 20.43
Copper - per pound (i)	\$ 2.99	\$ 3.14	\$ 3.11	\$ 3.25

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

(ii) A cautionary note regarding non-GAAP measures is included in Section 14 of this Management's Discussion and Analysis. Comparatives have been restated to conform to the change in presentation adopted in the current period.

(iii) Including commissioning ounces from C1 Santa Luz and Pilar.

- (iv) Balances are attributable to Yamana Gold Inc. equity holders.
- (v) Balances are from continuing operations.
- (vi) Balances have been restated, as applicable, following the finalization of the fair value determination on acquisition of Osisko Gold (refer to *Note 6(a): Acquisition and Disposition of Mineral Interests* to the Consolidated Annual Financial Statements for additional details).

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, inquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the Chairman and Chief Executive Officer and the 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.

Management assessed the effectiveness of the Company's internal control over financial reporting, as defined in Rules 13a - 15(f) and 15d - 5(f) of the Exchange Act, based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission as of December 31, 2015. This evaluation included review of the documentation of

controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation.

Based on this evaluation, the Company, as set forth in our assessment, did not maintain effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework (2013) issued by COSO, because of the material weaknesses disclosed in Management's Responsibility for Financial Reporting. It has been assessed that controls related to income taxes were not designed with sufficient precision to prevent or detect a potential material error in the Company's financial information, which resulted in a reasonable possibility that a material misstatement in the Company's financial statements related to income taxes would not have been prevented or detected on a timely basis. Therefore, management has concluded that a material weakness existed in this review control. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified has not resulted in a misstatement or error in the Company's financial statements. The controls have not been remediated as of December 31, 2015, however the Company has begun a process to re-design the controls.

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.

The Company's independent registered public accounting firm, Deloitte LLP, have audited the Consolidated Annual Financial Statements included in this annual report and have issued an attestation report dated February 26, 2016 on the Company's internal control over financial reporting based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

CHANGES IN INTERNAL CONTROLS

During the period ended December 31, 2015, 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, 2015 and December 31, 2014 and results of operations for the periods ended December 31, 2015 and December 31, 2014.

This Management's Discussion and Analysis has been prepared as of February 26, 2016. The Consolidated Annual Financial Statements prepared in accordance with IFRS as issued by IASB follow this Management's Discussion and Analysis. This Management's Discussion and Analysis is intended to supplement and complement the annual audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2015 (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, 2015 and the most recent Annual Information Form for the year ended December 31, 2015 on file with the Securities Commissions of all of the provinces in Canada, which are included in the 2015 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 STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis contains or incorporates by reference "forward-looking statements" and "forward-looking information" under applicable Canadian securities legislation within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking information includes, but is not limited to information with respect to the Company's strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as "plan," "expect," "budget," "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the Company's expectations in connection with the production and exploration, development and expansion plans at the Company's projects discussed herein being met, the impact of proposed optimizations at the Company's projects, the impact of the proposed new mining law in Brazil, the new tax reform bill in Mexico, the amended federal income tax statute in Argentina and the new Chilean tax reform package, 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) 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 asset disposition, our expectations relating to the Osisko Acquisition (as defined herein), including with respect to anticipated benefits thereof and the magnitude of synergies therefrom, and the performance of the assets acquired from Osisko (as defined herein), and risks related to other acquisitions, changes in project parameters as plans continue to be refined, changes in project development, construction, production and commissioning time frames, 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, including but not limited to, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, final pricing for concentrate sales, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, permitting timelines, government regulation and the risk of government expropriation or nationalization of mining operations, risks related to relying on local advisors and consultants in foreign jurisdictions, environmental risks, unanticipated reclamation expenses, risks relating to joint venture operations, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending and outstanding litigation and labour disputes, risks related to enforcing legal rights in foreign jurisdictions, as well as those risk factors discussed or referred to herein and in the Company's Annual Information Form filed with the securities regulatory authorities in all provinces of Canada and available at www.sedar.com, and the Company's Annual Report on Form 40-F filed with the United States Securities and Exchange Commission. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or

management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected financial and operational performance and results as at and for the periods ended on the dates presented in the Company's plans and objectives and may not be appropriate for other purposes.

CAUTIONARY STATEMENT REGARDING MINERAL RESERVES AND MINERAL RESOURCES

Readers should refer to the Annual Information Form of the Company for the year ended December 31, 2015 and other continuous disclosure documents filed by the Company since January 1, 2016 available at www.sedar.com, for further information on mineral reserves and mineral resources, which is subject to the qualifications and notes set forth therein.

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

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

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

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

TABLE OF CONTENTS

	<u>Page</u>
Management's Responsibility for Financial Reporting	107
Audit Reports	108
Consolidated Statements of Operations	110
Consolidated Statements of Comprehensive Loss	110
Consolidated Statements of Cash Flows	111
Consolidated Balance Sheets	112
Consolidated Statements of Changes in Equity	113
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:	
Note 1: Nature of Operations	114
Note 2: Basis of Preparation and Presentation	114
Note 3: Significant Accounting Policies	115
Note 4: Critical Judgements and Estimation Uncertainties	128
Note 5: Recent Accounting Pronouncements	132
Note 6: Acquisition and Disposition of Mineral Interests	132
Note 7: Cost of Sales Excluding Depletion, Depreciation and Amortization	136
Note 8: Employee Compensation and Benefits Expenses	136
Note 9: Other Expenses	136
Note 10: Finance Income and Expense	137
Note 11: Impairments	137
Note 12: Income Taxes	140
Note 13: Loss Per Share	142
Note 14: Other Comprehensive Income and Reserves	143
Note 15: Supplementary Cash Flow Information	144
Note 16: Financial Instruments	144
Note 17: Trade and Other Receivables	149
Note 18: Inventories	149
Note 19: Other Financial Assets	150
Note 20: Other Assets	150
Note 21: Property, Plant and Equipment	151
Note 22: Investment in Associate	152
Note 23: Goodwill and Intangibles	153
Note 24: Trade and Other Payables	153
Note 25: Other Financial Liabilities	154
Note 26: Other Provisions and Liabilities	154
Note 27: Long-Term Debt	155
Note 28: Decommissioning, Restoration and Similar Liabilities	157
Note 29: Share Capital	158
Note 30: Share-Based Payments	158
Note 31: Non-Controlling Interest	162
Note 32: Capital Management	163
Note 33: Operating Segments	163
Note 34: Contractual Commitments	166
Note 35: Contingencies	166
Note 36: Related Party Transactions	167
Note 37: Guarantor Subsidiaries Financial Statements	168
Note 38: Events After the Reporting Period	174

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

Yamana Gold Inc. maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded. The Company's internal control over financial reporting as of December 31, 2015, is based on the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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

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 Professional Accountants, in accordance with Canadian generally accepted auditing standards and standards of the Public Company Accounting Oversight Board (United States) on behalf of the shareholders. Deloitte LLP has full and free access to the Audit Committee.

"Peter Marrone"

PETER MARRONE

Chairman and

Chief Executive Officer

"Charles B. Main"

CHARLES B. MAIN

Executive Vice President, Finance and

Chief Financial Officer

February 26, 2016

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 balance sheets as at December 31, 2015 and December 31, 2014, and the consolidated statements of operations, comprehensive loss, 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, 2015 and December 31, 2014, 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, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2016 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting because of a material weakness.

/S/ Deloitte LLP

Chartered Professional Accountants

February 26, 2016

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, 2015, based on the criteria established in Internal Control-Integrated Framework (2013) 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. Our responsibility is to express an opinion on the Company's internal control over financial reporting, included in the accompanying Management's Report on 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 as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of 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.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to ineffective internal controls over income taxes, which were not designed and operating effectively, has been identified and included in management's assessment in Item 9A(b). This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated balance sheets of Yamana Gold Inc. and subsidiaries as of December 31, 2015 and 2014, and the consolidated statements of operations, comprehensive loss, changes in equity, and cash flows for the years then ended and this report does not affect our report on such financial statements dated February 26, 2016, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the material weakness identified above on the achievement of the of the objectives of the control criteria, the Company have not maintained effective internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) 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, 2015 of the Company and our report dated February 26, 2016 expressed an unmodified/unqualified opinion on those financial statements.

/s/ Deloitte LLP

Chartered Professional Accountants

February 26, 2016

Vancouver, Canada

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

<i>(In millions of United States Dollars except for shares and per share amounts)</i>		2015	2014
Revenue	\$	1,824.9	\$ 1,835.1
Cost of sales excluding depletion, depreciation and amortization (Note 7)		(1,088.0)	(1,045.8)
Gross margin excluding depletion, depreciation and amortization		736.9	789.3
Depletion, depreciation and amortization		(541.9)	(503.5)
Mine operating earnings		195.0	285.8
Expenses			
General and administrative		(118.0)	(122.4)
Exploration and evaluation		(23.1)	(20.0)
Equity loss from associate (Note 22)		(17.5)	(7.1)
Other expenses (Note 9)		(71.4)	(189.2)
Impairment of mineral properties (Note 11)		(2,595.3)	(752.9)
Operating earnings/(loss)		(2,630.3)	(805.8)
Finance income (Note 10)		30.0	44.7
Finance expense (Note 10)		(147.2)	(75.0)
Net finance expense		(117.2)	(30.3)
Loss before taxes		(2,747.5)	(836.1)
Current income tax expense (Note 12)		(93.0)	(115.0)
Deferred income tax recovery/(expense) (Note 12)		740.9	(243.8)
Income tax recovery/(expense) of continuing operations		647.9	(358.8)
Net loss from continuing operations		(2,099.6)	(1,194.9)
Net loss from discontinued operations (Note 6(b))		(15.2)	(188.2)
Net loss attributable to Yamana Gold Inc. equity holders	\$	(2,114.8)	\$ (1,383.1)
Net loss per share attributable to Yamana Gold Inc. equity holders (Note 13)			
Net loss per share from continuing operations - basic and diluted	\$	(2.24)	\$ (1.46)
Net loss per share from discontinued operations - basic and diluted	\$	(0.02)	\$ (0.23)
Net loss per share - basic and diluted	\$	(2.26)	\$ (1.69)
Weighted average number of shares outstanding (in thousands) (Note 13)			
Basic		936,606	820,782
Diluted		936,606	822,505

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

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

<i>(In millions of United States Dollars)</i>		2015	2014
Net loss attributable to Yamana Gold Inc. equity holders	\$	(2,114.8)	\$ (1,383.1)
Other comprehensive (loss)/income, net of taxes (Note 14(a))			
Items that may be reclassified subsequently to profit or loss:			
- Net change in fair value of available-for-sale securities		(0.3)	(0.2)
- Net change in fair value of hedging instruments		24.9	41.2
		24.6	41.0
Items that will not be reclassified to profit or loss:			
- Re-measurement of employee benefit plan		0.1	(1.2)
Total other comprehensive income	\$	24.7	\$ 39.8
Total comprehensive loss attributable to Yamana Gold Inc. equity holders	\$	(2,090.1)	\$ (1,343.3)

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

YAMANA GOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

(In millions of United States Dollars)

	2015	2014
Operating activities		
Loss before taxes	\$ (2,747.5)	\$ (836.1)
Adjustments to reconcile earnings before taxes to net operating cash flows:		
Depletion, depreciation and amortization	541.9	503.5
Share-based payments (Note 30)	11.2	5.8
Equity loss from associate (Note 22)	17.5	7.1
Finance income (Note 10)	(30.0)	(44.7)
Finance expense (Note 10)	147.2	75.0
Mark-to-market on sales of concentrate and price adjustments on unsettled invoices	(1.8)	11.7
Mark-to-market on available-for-sale securities and other assets	(13.2)	57.5
Impairment of mineral properties (Note 11)	2,595.3	752.9
Other non-cash expenses	91.0	110.2
Deferred revenue on metal agreements (Note 26)	148.0	—
Decommissioning, restoration and similar liabilities paid (Note 28)	(4.2)	(5.4)
Cash distributions from associate (Note 22)	—	44.2
Income taxes paid	(84.8)	(86.7)
Cash flows from operating activities before net change in working capital	670.6	595.0
Net change in working capital (Note 15(b))	(138.8)	(81.1)
Cash flows from operating activities of continuing operations	\$ 531.8	\$ 513.9
Cash flows (used in)/from operating activities of discontinued operations (Note 6(b))	\$ (0.6)	\$ 15.5
Investing activities		
Acquisition of property, plant and equipment (Note 21)	\$ (378.8)	\$ (662.1)
Payments on settlement of derivative contracts	(23.7)	—
Acquisition of Osisko Mining Corp. (Note 6(a))	—	(462.7)
Cash acquired from acquisition of Osisko Mining Corp. (Note 6(a))	—	59.2
Proceeds from sale of bond	18.6	—
Interest income received	0.8	1.0
Acquisition of investments and other assets	(6.0)	(83.6)
Proceeds on disposal of investments and other assets	—	66.6
Other investing activities	(3.1)	—
Cash flows used in investing activities of continuing operations	\$ (392.2)	\$ (1,081.6)
Cash flows used in investing activities of discontinued operations (Note 6(b))	\$ —	\$ (15.2)
Financing activities		
Dividends paid (Note 29(b))	\$ (55.2)	\$ (142.9)
Interest and other finance expenses paid	(114.6)	(90.9)
Proceeds on common share offering	228.2	—
Repayment of term loan and assumed debt (Note 27)	(688.6)	(520.1)
Proceeds from term loan and notes payable (Note 27)	425.6	1,294.0
Cash flows (used in)/from financing activities of continuing operations	\$ (204.6)	\$ 540.1
Effect of foreign exchange of non-United States Dollar denominated cash and cash equivalents	(6.1)	(1.1)
Decrease in cash and cash equivalents of continuing operations	\$ (71.1)	\$ (28.7)
(Decrease)/increase in cash and cash equivalents of discontinued operations	\$ (0.6)	\$ 0.3
Cash and cash equivalents of continuing operations, beginning of year	\$ 191.0	\$ 219.7
Cash and cash equivalents of discontinued operations, beginning of year	\$ 0.6	\$ 0.3
Cash and cash equivalents, end of year of continuing operations	\$ 119.9	\$ 191.0
Cash and cash equivalents, end of year of discontinued operations (Note 6(b))	\$ —	\$ 0.6

Supplementary cash flow information (Note 15)

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

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

(In millions of United States Dollars)		2015	2014 (Restated, Note 6(a))
Assets			
Current assets:			
Cash and cash equivalents	\$	119.9	\$ 191.0
Trade and other receivables (Note 17)		45.9	51.0
Inventories (Note 18)		270.0	299.5
Other financial assets (Note 19)		102.3	111.8
Other assets (Note 20)		93.1	103.7
Assets held for sale		17.8	19.5
		649.0	776.5
Non-current assets:			
Property, plant and equipment (Note 21)		8,208.7	10,927.6
Investment in associate (Note 22)		—	66.6
Other financial assets (Note 19)		27.3	43.3
Deferred tax assets (Note 12(b))		88.6	112.9
Goodwill and intangibles (Note 23)		489.5	493.2
Other assets (Note 20)		55.0	63.9
Total assets	\$	9,518.1	\$ 12,484.0
Liabilities			
Current liabilities:			
Trade and other payables (Note 24)	\$	316.1	\$ 407.9
Income taxes payable		27.1	24.7
Other financial liabilities (Note 25)		166.1	204.8
Other provisions and liabilities (Note 26)		18.1	69.4
Liabilities held for sale		14.7	27.1
		542.1	733.9
Non-current liabilities:			
Long-term debt (Note 27)		1,676.7	2,025.4
Decommissioning, restoration and similar liabilities (Note 28)		187.6	204.1
Deferred tax liabilities (Note 12(b))		1,837.8	2,595.4
Other financial liabilities (Note 25)		60.6	54.7
Other provisions and liabilities (Note 26)		348.7	137.7
Total liabilities	\$	4,653.5	\$ 5,751.2
Equity			
Share capital (Note 29)			
Issued and outstanding 947,038,778 common shares (December 31, 2014 - 878,052,814 shares)		7,625.4	7,347.3
Reserves (Note 14(b))		18.6	(2.9)
Deficit		(2,802.7)	(630.3)
Equity attributable to Yamana Gold Inc. shareholders	\$	4,841.3	\$ 6,714.1
Non-controlling interest (Note 31)		23.3	18.7
Total equity		4,864.6	6,732.8
Total liabilities and equity	\$	9,518.1	\$ 12,484.0

Contractual commitments and contingencies (Notes 34 and 35).

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

YAMANA GOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31,

<i>(In millions of United States Dollars)</i>	Share capital	Equity reserve	Hedging reserve	Available-for-sale reserve	Other reserve	Total reserves	Retained earnings/(deficit)	Equity attributable to Yamana shareholders	Non-controlling interest	Total equity
Balance at January 1, 2014	\$ 6,320.1	\$ 24.7	(66.1)	\$ 0.1	\$ —	(41.3)	\$ 860.5	\$ 7,139.3	\$ 18.7	\$ 7,158.0
Net loss	—	—	—	—	—	—	(1,383.1)	(1,383.1)	—	(1,383.1)
Accumulated other comprehensive income, net of income tax (Note 14)	—	—	41.2	(0.2)	(1.2)	39.8	—	39.8	—	39.8
Transactions with owners							—			
Exercise of stock options and share appreciation (Note 30)	0.1	(0.1)	—	—	—	(0.1)	—	—	—	—
Issued on acquisition of mineral interest (Note 6)	1,011.8	—	—	—	—	—	—	1,011.8	—	1,011.8
Issued on vesting of restricted share units (Note 30)	16.4	(16.4)	—	—	—	(16.4)	—	—	—	—
Restricted share units (Note 30)	—	14.1	—	—	—	14.1	—	14.1	—	14.1
Share cancellation (Note 29)	(1.1)	1.0	—	—	—	1.0	—	(0.1)	—	(0.1)
Dividends	—	—	—	—	—	—	(107.7)	(107.7)	—	(107.7)
Balance as at December 31, 2014	\$ 7,347.3	\$ 23.3	(24.9)	(0.1)	(1.2)	(2.9)	(630.3)	\$ 6,714.1	\$ 18.7	\$ 6,732.8
Balance at January 1, 2015	\$ 7,347.3	\$ 23.3	(24.9)	(0.1)	(1.2)	(2.9)	(630.3)	\$ 6,714.1	\$ 18.7	\$ 6,732.8
Net loss	—	—	—	—	—	—	(2,114.8)	(2,114.8)	—	(2,114.8)
Accumulated other comprehensive income, net of income tax (Note 14)	—	—	24.9	(0.3)	0.1	24.7	—	24.7	—	24.7
Transactions with owners										
Issued on acquisition of mineral interests (Note 6)	36.4	0.2	—	—	—	0.2	—	36.6	—	36.6
Issued on vesting of restricted share units (Note 30)	13.7	(13.7)	—	—	—	(13.7)	—	—	—	—
Issued on public offering (net of issue costs) (Note 29)	227.9	—	—	—	—	—	—	227.9	—	227.9
Restricted share units (Note 30)	—	10.0	—	—	—	10.0	—	10.0	4.6	14.6
Share cancellation (Note 29)	(0.3)	0.3	—	—	—	0.3	—	—	—	—
Dividend reinvestment plan (Note 29)	0.4	—	—	—	—	—	—	0.4	—	0.4
Dividends	—	—	—	—	—	—	(57.6)	(57.6)	—	(57.6)
Balance as at December 31, 2015	\$ 7,625.4	\$ 20.1	—	(0.4)	(1.1)	18.6	(2,802.7)	\$ 4,841.3	\$ 23.3	\$ 4,864.6

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and December 31, 2014

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

1. NATURE OF OPERATIONS

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

The address of the Company's registered office is 200 Bay Street, Suite 2200, 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: AUJ).

The Consolidated Financial Statements of the Company as at and for the years ended December 31, 2015 and December 31, 2014 are comprised of the Company, its subsidiaries, its joint operation of the Canadian Malartic mine ("Canadian Malartic") and the Company's equity accounted interest in its associate Minera Alumbrera Ltd. ("Consolidated Financial Statements").

2. BASIS OF PREPARATION AND PRESENTATION

The Consolidated Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

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 mines and mineral properties which were impaired at year-end

The Company's functional and presentation currency is the United States Dollar ("USD"), and all values herein are rounded to the nearest million except where otherwise indicated.

These Consolidated Financial Statements were authorized for issuance by the Board of Directors of the Company on February 26, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

The Consolidated Financial Statements include the financial statements of Yamana Gold Inc. (Parent and ultimate holding company) and the following significant entities as at December 31, 2015 and 2014:

	Country of incorporation	Interest	
		2015	2014
Mineração Maracá Industria e Comércio S.A.	Brazil	100%	100%
Minera Meridian Ltda.	Chile	100%	100%
Minas Argentinas SA	Argentina	100%	100%
Minera Meridian Minerales SRLCV	Mexico	100%	100%
Canadian Malartic Corporation - a joint operation (Note 3(b))	Canada	50%	50%
Brio Gold Inc. (Note 31(iii))	Brazil	100%	100%

The financial statements of entities which are controlled by the Company through voting equity interests, referred to as subsidiaries, are consolidated. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control is determined to be achieved if, and only if, the Company has:

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

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

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

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

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

The Company's Consolidated Financial Statements also include:

- The Company's 100%-own non-core mines: Jacobina and Ernesto/Pau-a-Pique (discontinued operations) mines in Brazil, the Minera Florida mine in Chile.
- The Company's 56.7% interest in Agua De La Falda S.A. ("ADLF"), is consolidated and the non-controlling interest of the other investor is recorded (*Note 22: Investment in Associate*).
- The Company's 50% interest in Sociedad Minera Agua Fria's assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis and included at its share.
- The Company's investment in Minera Alumbrera Ltd. ("Alumbrera") representing 12.5% interest, which owns the Bajo de la Alumbrera Mine in Argentina, has been accounted for using the equity method.
- The Company's newly acquired 100% interest in Mega Precious Metals Inc. which holds the Monument Bay gold/tungsten project.

The Company does not have any material off-balance sheet arrangements, excepted as noted in *Note 34: Contractual Commitments*.

(b) Joint Arrangements

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

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

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

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

(c) Foreign Currency Translation

The Company's mining operations operate primarily within an economic environment where the functional currency is the 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.

(d) Business Combinations

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

Business combinations are accounted for using the acquisition method whereby the identifiable assets acquired and the liabilities assumed are recorded at acquisition-date fair values; non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or 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. Preliminary fair values of net assets are finalized within one year of the acquisition date with retrospective restatement to the acquisition date as required.

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

(e) Impairment of Non-current Assets and Goodwill

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

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company defines a CGU as an area of interest. An area of interest is an area of similar geology; an area of interest includes exploration tenements/licenses which are geographically close together, are managed by the same geological management group and have similar prospectivity. An area of interest may be categorized as project area of interest or exploration area of interest as defined by the geology/exploration team of the Company. A project area of interest represents an operating mine or a mine under construction and its nearby exploration properties, which are managed by the Company's 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.

Information the Company considers as impairment indicators include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of 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.

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

The Company tests for impairment of goodwill and indefinite-life intangibles or intangible assets not yet available for use at least on an annual basis or upon the occurrence of a triggering event or circumstance that indicates impairment. For 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.

(f) Operating Segments

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

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

In addition to the above reportable operating segments, the Company aggregates and discloses the financial results, under "Corporate and other", of non-core reportable operating segments having similar economic characteristics as reviewed by the CODM and include, but are not limited to: Jacobina and Ernesto/Pau-a-Pique (discontinued operations) mines in Brazil, the Minera Florida mine in Chile, the Alumbra mine

(12.5% interest) in Argentina, other exploration properties and corporate entities as these operating segments do not qualify as core reportable operating segments nor do any individually, based on their materiality, performance or prospects for future net cash flows, assist in more informed judgments about the entity as a whole.

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

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

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

Non-current assets and disposal groups are classified as assets held for sale if it is highly probable that their carrying value will be recovered primarily through sale rather than through continuing use. A discontinued operation is a component of the Company that can be clearly distinguished from the rest of the Company, both operationally and for financial reporting purposes.

The assets and liabilities are presented as held for sale in the consolidated balance sheet when the sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale, and it is expected that the sale will be completed within one year from the date of classification. In certain circumstances when an event outside of the Company's control, the sale date may need to be extended beyond one year from the date of classification if the Company is committed to sell the non-current asset or disposal group.

Assets held for sale are measured at the lower of carrying amount and fair value less cost of disposal. Impairment losses recognized on initial classification as held for sale and any subsequent gains and losses on re-measurement are recognized in the statement of operations. Once classified as held for sale, property, plant and equipment are no longer depreciated or amortized. Results of operations and any gain or loss from disposal are excluded from income before finance items and income taxes and are reported separately as income or loss from discontinued operations.

(h) Revenue Recognition

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

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

Copper concentrate revenue from smelters and traders is recorded at the time the risks and rewards of ownership pass to the buyer. This revenue is provisionally priced at the date of sale, that is, the price is set 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.

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

(i) Financial Instruments

Financial assets and financial liabilities, including derivatives, are recognized when the Company becomes a party to the contractual provisions of the financial instrument. 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, amortized cost, 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 assets and 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 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 the Consolidated Statements of Operations.

Available-For-Sale ("AFS")

AFS financial assets, designated based on the criteria that management does not hold these for the purposes of trading, are presented as investments and measured at fair value with unrealized gains and losses recognized in 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

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

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

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

i. Commodity Derivatives

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

The Company has entered into non-hedge derivatives that include forward contracts intended to manage the risk of declining 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 realized changes are accounted for at trade date and recorded as follows:

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

iii. Termination of Hedge Accounting

Hedge accounting is discontinued prospectively when:

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

The Company considers 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.

(j) Share-Based Payments

The Company's share-based compensation plans are described in *Note 30: Share-Based Payments*.

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

Equity instruments, including share-based payments, issued by a subsidiary that are not owned by the parent are non-controlling interests regardless of whether they are vested and of the exercise price (refer to *Note 31: Non-Controlling Interest* for additional details).

(k) Pension Expense and Other Employee Benefits

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.

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

Certain of the Company's employees are entitled to a lump sum payment at the end of their employment with the Company if the employee has met the minimum service requirement of the benefit plan. Based on the features of the plan, the minimum severance payment is a severance benefit that accumulates or vests, which accrues as an employee renders the service that gives rise to such benefit. The liability is measured at its actuarial present value, based on management's best estimates of salary escalation and the retirement ages of employees, attributed to specific accounting periods and re-measurements are recognized in other comprehensive income. The benefit plan key assumptions are assessed and revised as appropriate on an annual 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 based on the balance sheet method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

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

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

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

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

(m) Inventories

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.

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

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

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.

(n) Property, Plant and Equipment

i. Land, Building, Plant and Equipment

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

The depreciable amount of building, plant and equipment is amortized on a straight-line basis to the residual value of the asset over the lesser of mine life or estimated useful life of the asset. Each part of an item of building, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately if its useful live differs. 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, which is the higher of the asset's fair value less costs to sell or value in use, a provision for impairment is measured and recorded.

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

ii. Exploration, Evaluation Assets and Depletable Producing Properties

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

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

The value of such assets when acquired is primarily a function of the nature and amount of mineralized 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 are either not-project-specific or do not result in the acquisition of mineral properties are considered greenfield expenditures and charged to expense. Brownfield expenditures, which typically occur in areas surrounding known deposits and/or re-exploring older mines using new technologies to determine if greater mineral reserves and mineral resources exist, are capitalized. Brownfield activities are focused on the discovery of mineral reserves and mineral resources close to existing operations, including around mine or near-mine, 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, pre-feasibility and final feasibility studies.

The values assigned to the tangible exploration and evaluation assets are carried at acquired costs until such time as the technical feasibility and commercial viability of extracting 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 remain capitalized. Assessment for impairment is conducted before reclassification.

Depletion or depreciation of those capitalized exploration and evaluation costs and development costs commences upon completion of commissioning of the associated project or component. Depletion of mining properties and amortization of preproduction and development costs are calculated and recorded on a unit-of-production basis over the estimate of recoverable ounces. The depletable costs 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 assesses and tests its exploration and evaluation assets and mining properties for impairment, and subsequent reversal of impairment, at least annually or when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Costs related to areas of interest abandoned are written off when such a decision is made. Refer to (e) "Impairment of Non-current Assets and Goodwill" for detail of the policy. An impairment assessment of the exploration and evaluation assets is conducted before the reclassification or transfer of exploration and evaluation assets to depletable producing properties.

iii. Stripping Costs

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

- In circumstances where the new development is not closely located to a producing mine or is development of a new ore body, the Company accounts for the pre-stripping costs as if the development was 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 future benefits and meet the definition of an asset. Once mine production enters into an area where stripping costs have been capitalized, the capitalized stripping costs are depleted on a unit-of-production basis over the mineral reserves and the portion of the mineral resources expected to be classified as mineral reserves that directly benefit from the specific stripping activity.

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

- it is possible that the future benefit, i.e. improved access to the ore body, associated with the stripping activity will flow to the Company;

- the Company can identify the component of the ore body for which access has been improved; and
- the stripping activity costs associated with the component can be 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.

iv. Assets Under Construction

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

- A significant portion of planned capacity, 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. The borrowing costs eligible for capitalization are determined by applying a capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, to the expenditures on the asset. Capitalized interest costs are amortized on the same basis as the related qualifying asset.

Once the mining project has been established as commercially feasible, all the related capitalized expenditures in the category "mining property costs not subject to depreciation and depletion" under "project with mineral reserves", "exploration potential" and "assets under construction" other than that on land, buildings plant and equipment, are transferred to the category "mining property costs subject to depreciation and depletion".

(o) 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 the Company has acquired, constructed, developed and/or used in operations. 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 obligations are provided for in the accounting period when the related disturbance occurs, whether during the mine development or production phases at the present value of estimated future costs to settle the obligations. 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 as finance expense in each accounting period. 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.

4. CRITICAL JUDGEMENTS AND ESTIMATED UNCERTAINTIES

In preparing the Consolidated Financial Statements in accordance with IFRS, management is required to make judgements, estimates and assumptions about future events 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 the Company's Consolidated Financial Statements. Actual future outcomes may differ from present estimates. Management reviews its estimates and assumptions on an ongoing basis using the most current information available. 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 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 a non-cash impairment loss on certain mining properties in the amount of \$2.60 billion (2014 - \$752.9 million) and concluded that no reversals are required on previously recognized impairments (refer to *Note 11: Impairments* for additional details).

- **Deferred revenue**

Significant judgements are required in determining the appropriate accounting treatment for the Sandstorm Gold Ltd. ("Sandstorm") metal transactions entered into during the year (refer to *Note 26: Other Provisions and Liabilities* for further details). Management has determined that based on the agreements, Sandstorm assumes significant business risk and rewards associated with the timing and amount of metals being delivered. As such, the deposits received from Sandstorm have been recorded as deferred revenue in the consolidated balance sheets. Additionally, the Company has determined that the transaction is not a financial

liability as, based on the specific rights and obligations set out in the agreement, under no circumstances will the delivery obligations be satisfied with cash.

- Recoverable ounces

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

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, issued by the Canadian Securities Administrators. This National Instrument lays out the standards of disclosure for mineral projects including rules relating to the determination of mineral reserves and mineral resources. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Differences between management's assumptions, and actual events including economic assumptions such as metal prices and market conditions, could have a material effect in the future on the Company's financial position and results of operation.

- 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 \$62.7 million (2014 - \$53.7 million) of exploration and evaluation expenditures.

- 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.

- 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, 2015, a cumulative total of \$280.6 million (2014 - \$252.3 million) of stripping costs have been capitalized.

- 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. The Company acquired 100% interest of Mega Precious Metals Inc. in June 2015 and, in accordance with its policy, applied IFRS 3 Business Combinations and concluded that the transaction was not a business combination as significant inputs and processes that constitute a business were not identified. The acquisition was

accounted for as a purchase of assets and assumption of liabilities and transaction costs were capitalized (refer to *Note 6: Acquisition and Disposition of Mineral Interests*, for additional details).

- **Determination of asset and liability fair values**

Business combinations require judgement and estimates to be made at the date of acquisition in relation to determining asset and liability fair values. For all significant acquisitions, the Company employs third party independent valuers 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 on the Osisko Metals Corp. acquisition were retrospectively adjusted during the year as new information was obtained within one year of the acquisition date (refer to *Note 6: Acquisition and Disposition of Mineral Interests*, for additional details).

- **Determination of assets held for sale and discontinued operations**

During the fourth quarter of 2014, the Company formalized its decision to divest Ernesto Pau-a-Pique which is a non-core asset. In doing so, management developed, initiated and committed to a plan to sell the assets. Following the negotiations with the prospective buyer, the sale was initially expected to close early 2015. However, due to unforeseen delays caused by events and circumstances beyond the Company's control, the sale is now expected to close in 2016 resulting from the delays in the governmental approval of the transfer of certain mine permits. Ernesto Pau-a-Pique mine continues to be available for immediate sale in its present condition. Management considers the sale highly probable and continues to be committed to the sale.

(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 market-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 and mineral resource estimates**

To extend the lives of its mines and projects, ensure the continued operation of the business and realize its growth strategy, it is essential that the Company continues to realize its existing identified mineral reserves, convert mineral resources into mineral reserves, increase its mineral resource base by adding new mineral resources from areas of identified mineralized potential, and/or undertake successful exploration or acquire new mineral resources.

There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the mineral reserves, such as the need for orderly

development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. Lower market prices, increased production costs, reduced recovery rates and other factors may result in a revision of its mineral reserve estimates from time to time or may render the Company's mineral reserves uneconomic to exploit, which may materially and adversely affect the results of operations or financial condition. Mineral reserve data are not indicative of future results of operations. Evaluation of mineral resources is conducted from time to time and mineral resources may change depending on further geological interpretation, drilling results and metal prices. The Company regularly evaluates its mineral resources and it often determines the merits of increasing the reliability of its overall mineral resources.

- 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. Refer to *Note 11: Impairments*, for specific estimates and assumptions for impairments recorded during the period.

- Estimation of provision for liabilities

The Company assesses its provision for liabilities when new information becomes available. Provisions are liabilities that are uncertain in timing and amount. The Company records a provision when: (1) the Company has a present obligation (legal or constructive) as a result of past events; (2) when it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate can be made of the amount of obligation.

- 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, a total charge of \$1.9 million to adjust inventory to net realizable value (2014 - \$21.2 million) was 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, are retrospectively adjusted when the final measurements are determined (within one year of acquisition date). Changes to the provisional measurements of assets and liabilities acquired on the Osisko Metals Corp. acquisition were retrospectively adjusted during the year as new information was obtained within one year of the acquisition date (refer to *Note 6: Acquisition and Disposition of Mineral Interests*, for additional details).

- **Contingencies**

Refer to *Note 35: Contingencies*, to the consolidated financial statements.

5. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2015. Pronouncements that are not applicable to the Company have been excluded from this note.

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

- (a) IFRS 9 *Financial Instruments* - The standard is effective for annual reporting periods beginning January 1, 2018 for public entities. The Company is assessing the impact of this Standard.
- (b) IFRS 15 *Revenue from Contracts with Customers* - The final standard on revenue from contracts with customers was issued on May 28, 2014, effective for annual reporting periods beginning on or after January 1, 2017 with early adoption permitted. Entities have the option of using either a full retrospective or a modified retrospective approach to adopt the guidance. On September 11, 2015 the IASB issued an amendment to the revenue Standard, formalizing the deferral of the effective date by one year to January 1, 2018. The Company is assessing the impact of this Standard.
- (c) IFRS 16 *Leases* - The standard is effective for annual reporting periods beginning January 1, 2019. Early application is permitted for companies that also apply IFRS 15 *Revenue from Contracts with Customers*. The Company is assessing the impact of this Standard.

6. ACQUISITION AND DISPOSITION OF MINERAL INTERESTS

a) Acquisition of 50% interest of Osisko Mining Corporation ("Osisko")

On June 16, 2014, the Company and Agnico Eagle Mines Limited ("Agnico") completed the joint acquisition of 100% of all issued and outstanding common shares of Osisko. Osisko operated Canadian Malartic in the Abitibi Gold Belt, immediately south of the Town of Malartic located in the province of Quebec, Canada. Additionally, Osisko conducted advanced exploration activities at the Kirkland Lake and Hammond Reef properties in Northern Ontario, Canada and additional exploration projects located in the Americas. The acquisition supports the Company's strategy, adding another high quality cornerstone asset that increases the sustainable production level and is expected to contribute to cash flow.

Total consideration paid by Yamana was \$1.47 billion which consisted of \$0.46 billion in cash and \$1.01 billion in Yamana shares based on a Yamana share price of \$8.18 (C\$8.88) per share.

Under the terms of the Agreement, each outstanding common share of Osisko was exchanged for: (i) C\$2.09 in cash; (ii) 0.26471 of a Yamana common share (a value of C\$2.35 based on the closing price of C\$8.88 for Yamana shares on the Toronto Stock Exchange as of June 16, 2014); (iii) 0.07264 of an Agnico common share (a value of C\$2.64 based on the closing price of C\$36.29 for Agnico shares on the Toronto Stock Exchange as of June 16, 2014); and (iv) one common share of a newly formed company, Osisko Gold Royalties Ltd. ("Osisko Gold") that commenced trading on the Toronto Stock Exchange.

Certain assets of Osisko were transferred to Osisko Gold, the shares of which were distributed to Osisko shareholders as part of the transaction. The following was transferred to Osisko Gold: (i) a 5% net smelter royalty ("NSR") on Canadian Malartic; (ii) C\$157 million cash; (iii) a 2% NSR on the Upper Beaver-Kirkland Lake assets, the Hammond Reef project, and certain other exploration properties; (iv) all assets and liabilities of Osisko in its Guerrero camp; and (v) other investments.

In summary, following the completion of the acquisition, the Company and Agnico each own (A) 50% of Osisko and its mining assets (excluding the Osisko Gold assets), including the Kirkland Lake Properties, the Hammond Reef Properties and other exploration properties, and (B) a 50% interest in the Canadian Malartic General Partnership ("CMGP") which holds Canadian Malartic.

The Company has recognized its interest in the assets, liabilities, revenues and expenses of Osisko in accordance with the Company's rights and obligations prescribed by the transaction, as the joint arrangement was determined to be a joint operation under IFRS. In accordance with the Company's accounting policy, the Company has recognized the identifiable assets and liabilities, subject to the exceptions in IFRS 3, at fair value at its proportionate 50% share, and the residual has been recognized as goodwill.

Total consideration paid by the Company was as follows:

Cash	\$	462.7
Issue of Yamana common shares: 123,620,781 shares (at C\$8.88 per share)		1,011.8
Purchase consideration	\$	1,474.5

The following table summarizes the total fair values of assets and liabilities acquired as reported in the Company's Annual Consolidated Financial Statements for the year ended December 31, 2014 and the final fair values as reported during the first half of 2015:

	Preliminary	Adjustments	Final
Cash	\$ 59.2	\$ —	\$ 59.2
Net working capital acquired	29.7	(36.1)	(6.4)
Property, plant and equipment (including mineral interests)	1,662.9	(215.2)	1,447.7
Long-term liabilities	(123.1)	22.9	(100.2)
Deferred income taxes (i)	(414.1)	60.7	(353.4)
	1,214.6	(167.7)	1,046.9
Goodwill (i)	259.9	167.7	427.6
Net identifiable assets	\$ 1,474.5	\$ —	\$ 1,474.5

- (i) As of December 31, 2015, an adjustment of \$82.1 million was made to goodwill and deferred income taxes reported in June 2015, increasing goodwill to \$427.6 million and increasing deferred income taxes to \$353.4 million.

The following table summarizes the Company's restated and previously reported December 31, 2014 consolidated balance sheet:

	December 31, 2014 (Restated)	December 31, 2014
Inventories	\$ 299.5	\$ 307.0
Property, plant and equipment (including mineral interests)	\$ 10,927.6	\$ 11,142.8
Goodwill and intangibles	\$ 493.2	\$ 325.4
Other financial liabilities	\$ 204.8	\$ 199.1
Deferred income taxes	\$ 2,595.4	\$ 2,656.0

Goodwill of \$427.6 million was recognized primarily as a result of the deferred tax liability recognized on the excess of the fair value of the acquired assets over their corresponding tax bases. The total amount of goodwill that is expected to be deductible for tax purposes is *\$nil*.

Acquisition related costs totaled \$30.8 million and have been recognized as an expense and included in other expenses in the consolidated statement of operations for the year ended December 31, 2014.

Adjustments to the preliminary fair values previously reported include the fair value of net working capital acquired, property, plant and equipment, long-term liabilities and deferred income taxes of \$36.1 million, \$215.2 million, \$22.9 million and \$60.7 million, respectively. As a result of these adjustments, goodwill increased by \$167.7 million. The adjustments are the result of changes in estimates and model assumptions from new information obtained about circumstances that existed as of the acquisition date and the related tax impact attributable to the related assets and liabilities adjusted.

On March 19, 2015, the Company and Agnico through CMGP jointly acquired the remaining 30% interest in the Malartic CHL prospect from Abitibi Royalties Inc. ("Abitibi") for a total consideration of approximately C\$57 million in shares and a 3.0% net smelter return royalty on the Malartic CHL prospect. The Company issued a total of 3,549,695 common shares at \$3.63 (C\$4.63) for its portion of the consideration. Following the completion of the transaction, CMGP holds a 100% interest in the Malartic CHL prospect. In accordance with the terms of concurrent agreements, each of the parties released and discharged the others with respect to all proceedings previously commenced by Abitibi with respect to the Malartic CHL prospect, all without admission of any further liability by any party.

b) Disposition of Ernesto Pau-a-Pique

During the fourth quarter of 2014, the Company formalized its decision to divest Ernesto Pau-a-Pique which is a non-core asset and has presented the assets and liabilities as held for sale and the operating results have been presented separately from continuing operations. Following the negotiations with the prospective buyer, the sale was initially expected to close early 2015. However, due to unforeseen delays caused by events and circumstances beyond the Company's control, the sale is now expected to close in 2016 resulting from the delays in the governmental approval of the transfer of certain mine permits. Ernesto Pau-a-Pique mine continues to be available for immediate sale in its present condition. Management considers the sale highly probable and continues to be committed to the sale.

The components of net profit or loss have been presented separately as discontinued operations as follows:

For the years ended December 31,	2015	2014
Revenue	\$ 0.8	\$ 17.1
Expenses		
Net finance income	0.3	2.4
Other expenses	(16.3)	(46.0)
Impairment of mineral properties	—	(151.4)
Loss from discontinued operations before taxes	(15.2)	(177.9)
Income tax expense	—	(10.3)
Net loss from discontinued operations	\$ (15.2)	\$ (188.2)
Net loss per share from discontinued operations - basic and diluted	\$ (0.02)	\$ (0.23)

c) Acquisition of Mega Precious Metals Inc. ("Mega Precious")

On June 22, 2015, the Company acquired all of the issued and outstanding common shares of Mega Precious. Mega Precious was a Canadian-based exploration company with a high quality pipeline of projects located in the mining-friendly jurisdictions of Manitoba, Northwestern Ontario and Nunavut. The most significant and advanced project is the Monument Bay gold/tungsten project located in northeastern Manitoba.

The transaction is expected to advance the Company's strategy to expand its presence in Canada as the significant existing mineral resource base at Monument Bay and North Madsen projects, in particular, provide an opportunity for further exploration to meaningfully increase the potential of these assets.

Total consideration paid for the acquisition of Mega Precious was \$14.5 million (C\$17.8 million) which consisted of approximately \$0.2 million in cash, \$14.0 million in Yamana common shares (4,366,675 shares) and transaction costs. Under the terms of the Agreement, each Mega Precious shareholder received \$0.068 per share comprised of C\$0.001 in cash and 0.02092 of a Yamana common share for each Mega common share held.

As part of the acquisition and included in the total consideration paid, the Company acquired the Pacific Road convertible notes totalling \$2.4 million, and issued 744,187 Yamana common shares at \$3.21 (C\$3.94) per share, which concurrently terminated the Pacific Road agreement.

The acquisition was accounted for as a purchase of assets and assumption of liabilities. The transaction did not qualify as a business combination under IFRS 3, Business Combinations, as significant inputs, processes, and outputs that together constitute a business were not transferred. The fair value of the assets acquired and liabilities assumed were based upon their fair value as at the date of acquisition. Transaction costs were capitalized in accordance with the Company's policy.

Total consideration paid by the Company was as follows:

Cash	\$	0.2
Issue of Yamana common shares: 4,366,675 shares at \$3.21 (C\$3.94) per share		14.0
Transaction costs		0.3
Purchase consideration	\$	14.5

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

Cash	\$	2.0
Exploration and evaluation assets		15.4
Other assets acquired		0.2
Liabilities acquired		(3.1)
Net identifiable assets	\$	14.5

7. COST OF SALES EXCLUDING DEPLETION, DEPRECIATION AND AMORTIZATION

For the years ended December 31,	2015	2014 (i)
Contractors and services	\$ 318.2	\$ 390.0
Employee compensation and benefits expenses (Note 8)	234.5	279.2
Repairs and maintenance	127.5	131.5
Power	63.3	70.9
Consumables	318.2	298.6
Change in inventories relating to commissioning mines	—	(124.9)
Change in inventories, impact of foreign currency, royalties and other	26.3	0.4
Cost of sales excluding depletion, depreciation and amortization	\$ 1,088.0	\$ 1,045.8

(i) The comparative period has been reclassified for disclosure purposes to separate the impact of a \$124.9 million change in inventories relating to commissioning mines.

8. EMPLOYEE COMPENSATION AND BENEFIT EXPENSES

For the years ended December 31,	2015	2014
Wages and salaries	\$ 244.3	\$ 262.1
Social security, pension and government-mandated programs (i)	122.0	146.6
Other benefits (ii)	24.4	27.0
Total Employee compensation and benefits expenses	\$ 390.7	\$ 435.7
Less: expensed within general and administrative expenses	(86.3)	(92.8)
Less: expensed within exploration and evaluation expenses	(21.0)	(18.4)
Less: capitalized to property, plant and equipment	(48.9)	(45.3)
Employee compensation and benefit expenses included in Cost of sales (Note 7)	\$ 234.5	\$ 279.2

(i) Included in this item are defined contribution pension plans for all full-time qualifying employees of the Company. Contributions by the Company are based on a contribution percentage using the annual salary as the base and are made on a quarterly basis or as otherwise determined by the Company. The assets of the plans are held separately from those of the Company and are managed by independent plan administrators. The total expense recognized in the consolidated statement of operations of \$7.6 million (2014 - \$9.8 million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at December 31, 2015, contributions of \$7.7 million due in respect of the 2015 reporting period (2014 - \$7.3 million) had not been paid over to the plans but were paid subsequent to the end of the year.

(ii) Included in Other benefits are share-based payment transactions as discussed in Note 30: Share-Based Payments.

9. OTHER EXPENSES

For the years ended December 31,	2015	2014
Provisions	\$ 39.3	\$ 119.7
Impairment of other assets	47.7	32.4
Business combination transaction costs	—	30.8
Loss on sale of assets	—	5.9
Mark-to-market gain on deferred share units	(4.6)	(11.8)
Mark-to-market (gain)/loss on AFS and warrants	(13.2)	3.1
Other expenses	2.2	9.1
Other operating expenses	\$ 71.4	\$ 189.2

10. FINANCE INCOME AND EXPENSE

For the years ended December 31,	2015	2014
Interest income	\$ 2.3	\$ 1.9
Mark-to-market on convertible debt	4.6	13.2
Unrealized gain on derivative	2.2	10.8
Net foreign exchange gain	20.9	18.8
Finance income	\$ 30.0	\$ 44.7
Unwinding of discounts on provisions	\$ (16.5)	\$ (6.9)
Interest expense on long-term debt	(88.2)	(53.8)
Realized loss on derivative	(19.8)	—
Amortization of deferred financing, bank, financing fees and other	(22.7)	(14.3)
Finance expense	\$ (147.2)	\$ (75.0)
Net finance expense	\$ (117.2)	\$ (30.3)

11. IMPAIRMENTS

In accordance with the Company's accounting policies and processes, each asset or CGU is assessed at the end of each reporting period as to whether there are any indications, from external and internal sources of information, that an asset or CGU may be impaired, requiring an adjustment to the carrying value. Goodwill is tested for impairment at least annually. Refer to *Note 3(e) Significant Accounting Policies - Impairment of Non-current Assets and Goodwill*.

During the year ended December 31, 2015, the Company recorded impairment charges on non-current assets totalling \$2,595.3 million, as follows:

CGU	2015		2014	
	Total Impairment	Net Book Value - as at Dec. 31, 2015 ⁽ⁱ⁾	Total Impairment	Net Book Value - as at Dec. 31, 2014
Gualcamayo	\$ 572.0	\$ 435.7	\$ —	\$ 1,032.5
Argentina - Exploration properties and other ⁽ⁱⁱ⁾	510.2	544.8	—	1,045.1
Mercedes	559.0	174.2	—	747.1
El Peñón	544.0	1,413.5	—	2,015.4
Minera Florida ⁽ⁱⁱⁱ⁾	269.0	377.9	26.6	659.5
Brio Gold Inc.	92.0	434.1	539.9	406.6
Alumbrera ^(iv)	49.1	—	—	66.6
Jacobina	—	722.8	186.4	723.7
Total mineral property impairments	\$ 2,595.3	\$	752.9	

(i) The recoverable value is categorized as a non-recurring level 3 hierarchy in accordance with IFRS 13, Fair Value Measurement.

(ii) Argentina - Exploration properties and other is included in the Gualcamayo reporting segment (Note 33: Operating Segments) and includes various exploration properties such as Suyai, Don Sixto, among others, acquired by the Company as part of the Viceroy, Meridian and Extorre acquisitions.

(iii) Minera Florida is included in the Corporate and Other reporting segment (Note 33: Operating Segments).

(iv) Alumbrera is included in the Corporate and Other reporting segment (Note 33: Operating Segments).

During the fourth quarter, the Company performed its annual impairment test based on updated life of mine after-tax cash flow projections which were revised for updated 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 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. Despite the fact that the main drivers for the impairment were the decrease in value of exploration land and value of potential ounces, the impairments of mineral properties are allocated to depletable and non-depletable assets on a proportional basis, consistent with IFRS.

In the context of the current metal price trends, the Company revised exploration potential and land interest multiples of exploration concessions, as well as the long-term metal price assumptions to \$1,250 per ounce of gold, which had been higher in the previous year at \$1,300 per ounce of gold. These downward revisions of metal prices which negatively impacted future estimated cash flows, and the Company's updated view on value beyond mineral reserves and mineral resources, were the principal reason that led to the impairments of Argentina - exploration properties, Mercedes, El Peñón and Minera Florida. In respect of its exploration potential multiples and exploration concessions, the Company's evaluation of the market values is assessed relative to the implied value of potential ounces and land based on the enterprise value of comparable exploration companies and market transactions, which have experienced a sharp decline.

In the case of Gualcamayo, in addition to the downward revision of price assumptions, the impairment also recognizes that capital has been expended during periods when metal prices were significantly in excess of the current levels. Gualcamayo's carrying value includes such expended capital, and given the lower metal prices, the portion of the carrying value based on such expenditure was not supportable at the lower metal prices. Additionally, the impairment reflects the recoverable value after higher construction and operating costs than anticipated and revisions to the life of mine model in consideration of the economics of certain areas, in particular the Deep Carbonates project which requires a viable arsenic treatment technology.

Following recent efforts to divest certain assets, previously considered non-core and held within Brio Gold, the Company calculated the value for packages of properties of similar size and location, which was the basis for recent monetization efforts that were halted during the fourth quarter of 2015. The Company impaired Brio Gold assets, principally the Pilar mine, to reflect these estimated values.

In light of lower short-term copper price assumptions, coupled with the fact that Alumbra is expected to begin decommissioning by the middle of 2017, the Company concluded that a full write-down of this investment was required. The Company does not expect further profitability from Alumbra at current copper price levels.

Consistent with its policy, at the end of each reporting period, the Company assesses whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount and considers the reversal of the impairment loss recognized in prior periods up to the carrying amount of the CGU (net of amortization or depreciation) as if no impairment been recognized in the past. As at December 31, 2015, the Company has determined that there is no indication that an impairment loss recognized in prior periods should be reversed in whole or in part.

The Company continues to consider, on a regular basis, whether other indicators exist that suggest that the carrying values of its assets are impaired for accounting purposes. While the market capitalization relative to the carrying value of the Company's assets is reviewed on a regular basis, it is not considered as the sole indicator of impairment. Given recent strategic developments the Company has achieved, and the volatility of the market reflecting the current economic sentiment, using the current share price as a sole determinant of fair value is not reasonable; however the Company monitors the magnitude of the gap between the Company market capitalization and the asset carrying values. Although the Company's market capitalization around December 31, 2015 is below the carrying value of the net assets (net of long term debt), based on the impairment assessments, the Company has determined that the impairments recognized in the year ended December 31, 2015 are appropriate. The Company believes that its share price does not impact the Company's ability to generate cash flows from its assets which support the net book values on a discounted cash flow basis.

Impairment Testing: Key Assumptions and Sensitivities

The determination of FVLCS, with level 3 input of the fair value hierarchy, includes the following key applicable assumptions:

- *Production volumes:* In calculating the FVLCS, the production volumes incorporated into the cash flow models based on detailed life-of-mine plans and take into account development plans for the mines agreed by management as part of the long-term planning process. Production volumes are dependent on a number of variables, such as: the recoverable quantities; the production profile; the cost of the development of the infrastructure necessary to extract the reserves; the production costs; the contractual duration of

mining rights; and the selling price of the commodities extracted. As each producing mine has specific reserve characteristics and economic circumstances, the cash flows of the mines are computed using appropriate individual economic models and key assumptions established by management. The production profiles used were consistent with the reserves and resource volumes approved as part of the Company's process for the estimation of proved and probable reserves, resource estimates and in certain circumstances, include expansion projects. These are then assessed to ensure they are consistent with what a market participant would estimate.

- *Commodity prices:* Forecast commodity prices are based on management's estimates and are derived from forward price curves and long-term views of global supply and demand, building on past experience of the industry and consistent with external sources. Estimated long-term gold, silver and copper prices of \$1,250 per ounce (2014 - \$1,300 per ounce), \$18.75 per ounce (2014 - \$17.6 per ounce) and \$2.85 per pound (2014- \$3.30 per pound) respectively, have been used to estimate future revenues.
- *Discount rates:* In calculating the FVLCS, real post-tax discount rates in the range of 4.75% and 8.0% (2014: 4.9%) based on the Company's weighted average cost of capital ("WACC"). The WACC used in the models is in real terms, consistent with the other assumptions in the models.
- *Exchange rates:* Foreign exchange rates are estimated with reference to external market forecasts and based on observable market data including spot and forward values.

Sensitivity Analysis

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

	Change in recoverable value from a 1% change in metal prices	Change in recoverable value from a 1% change in operating costs
Gualcamayo	\$ 16.9	\$ 9.8
Mercedes	\$ 4.1	\$ 3.3
El Peñón	\$ 32.2	\$ 16.3
Minera Florida	\$ 10.4	\$ 6.6
Brio Gold Inc.	\$ 8.0	\$ 4.5

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

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

12. INCOME TAXES

(a) Income Tax Expense/(Recovery)

For the years ended December 31,	2015	2014
Current tax expense/(recovery)		
Current tax expense in respect of the current year	\$ 92.3	\$ 114.0
Adjustment for prior periods	(3.2)	(1.0)
Impact of foreign exchange	4.1	2.3
Penalties and interest	(0.2)	(0.3)
	<u>\$ 93.0</u>	<u>\$ 115.0</u>
Deferred tax (recovery)/expense		
Deferred tax (recovery)/expense recognized in the current year	\$ (936.1)	\$ 174.9
Adjustment for prior periods	(10.7)	(18.1)
Impact of foreign exchange	205.9	87.0
	<u>\$ (740.9)</u>	<u>\$ 243.8</u>
Total income tax (recovery)/expense	<u>\$ (647.9)</u>	<u>\$ 358.8</u>

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,	2015	2014
Loss before income taxes	\$ (2,747.5)	\$ (836.1)
Canadian statutory tax rate (%)	26.5%	26.5%
Expected income tax recovery	(728.1)	(221.6)
Impact of higher foreign tax rates (i)	(120.8)	(8.8)
Impact of change in enacted tax rates (ii), (iii)	(9.4)	329.5
Interest and penalties	(0.2)	(0.1)
Permanent differences	9.3	79.1
Unused tax losses and tax offsets not recognized in deferred tax assets	204.2	67.6
Tax effects of translation in foreign operations	(241.1)	110.3
True-up of tax provisions in respect of prior years	(13.9)	(19.1)
Withholding taxes	14.6	12.7
Unrealized foreign exchange	210.0	(21.0)
Mining taxes on profit	19.6	26.9
Planned distribution of foreign earnings	8.2	—
Other	(0.3)	3.3
Income tax expense	<u>\$ (647.9)</u>	<u>\$ 358.8</u>
Income tax expense/(recovery) is represented by:		
Current income tax expense	\$ 93.0	\$ 115.0
Deferred income tax (recovery)/expense	(740.9)	243.8
Net income tax (recovery)/expense	<u>\$ (647.9)</u>	<u>\$ 358.8</u>

- (i) The Company operates in multiple foreign tax jurisdictions that have tax rates that differ from the Canadian statutory rate.
- (ii) In September 2014, the Chilean government enacted changes to its tax laws by introducing two different tax systems: the attributed method and the semi-integrated method. Prior to 2015, we were subject to the attributed method, which required us to pay tax at a rate of 35% starting in 2017. During 2015, the company reorganized its holdings in Chile such that it now qualifies for the semi-integrated method at a rate of 27% starting in 2018.
- (iii) In June 2015, the Ontario government eliminated the Ontario Resources Tax Credit that was available to mining companies. This change impacted the Company's deferred tax liability.

(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,	2015	2014
The net deferred income tax assets (liabilities) are classified as follows:		
Deferred income tax assets	\$ 88.6	\$ 112.9
Deferred income tax liabilities	(1,837.8)	(2,595.4)
	\$ (1,749.2)	\$ (2,482.5)

For the year ended December 31, 2015	Opening balance	Acquisitions	Recognized in profit or loss	Recognized in other comprehensive income	Assets held for sale	Closing balance
Deductible temporary differences	\$ 24.2	\$ —	\$ 38.8	\$ —	\$ —	\$ 63.0
Amounts related to tax losses	112.8	—	(21.4)	—	—	91.4
Financing costs	(0.3)	—	1.1	—	—	0.8
Decommissioning, restoration and similar liabilities	20.7	—	2.4	—	—	23.1
Derivative liability	10.8	—	(1.0)	(9.0)	—	0.8
Property, plant and equipment	(2,448.2)	1.4	874.1	—	—	(1,572.7)
Unrealized foreign exchange losses	(219.8)	—	(164.6)	—	—	(384.4)
Available-for-sale securities	1.3	—	(1.3)	—	—	—
Other	16.0	—	12.8	—	—	28.8
Net deferred income tax liabilities	\$ (2,482.5)	\$ 1.4	\$ 740.9	\$ (9.0)	\$ —	\$ (1,749.2)

For the year ended December 31, 2014	Opening balance	Acquisitions	Recognized in profit or loss	Recognized in other comprehensive income	Assets Held for Sale	Closing balance
Deductible temporary differences	\$ (7.0)	\$ 11.3	\$ 19.9	\$ —	\$ —	\$ 24.2
Amounts related to tax losses	54.2	4.1	54.6	—	—	112.8
Financing costs	(0.9)	0.8	(0.2)	—	—	(0.3)
Decommissioning, restoration and similar liabilities	13.0	5.8	1.9	—	—	20.7
Derivative liability	(0.5)	—	2.4	9.0	—	10.8
Property, plant and equipment	(1,828.3)	(366.9)	(251.8)	—	(1.1)	(2,448.1)
Unrealized foreign exchange losses	(136.2)	—	(83.6)	—	—	(219.8)
Available-for-sale securities	11.6	1.3	(11.6)	—	—	1.3
Other	(8.7)	—	24.6	—	—	15.9
Net deferred income tax liabilities	\$ (1,902.9)	\$ (343.6)	\$ (243.8)	\$ 9.0	\$ (1.1)	\$ (2,482.5)

A deferred tax asset in the amount of \$40.9 million (2014 - \$87.1 million) has been recorded in Canada. The deferred tax asset consists mainly of unused tax losses and arose primarily from financing costs and general and administrative expenses. Projections of taxable profits from various sources were used to support the recognition of a portion of the losses. The future projected income could be affected by metal prices and quantities of proven and probable reserves. If these factors or other circumstances change, we would reassess our ability to record the deferred tax asset relating to the unused tax losses.

(c) Unrecognized Deductible Temporary Differences and Unused Tax Losses

Deferred tax assets have not been recognized in respect of the following items:

As at December 31,	2015	2014
Deductible temporary differences (no expiry)	\$ 104.2	\$ 146.0
Tax losses	410.6	268.0
	\$ 514.8	\$ 414.0

Loss carry forwards at December 31, 2015 will expire as follows:

	Canada	U.S.	Brazil	Chile	Argentina	Other	Total
2016	\$ —	\$ 16.8	\$ —	\$ —	\$ 5.5	\$ —	22.3
2017	—	—	—	—	7.8	0.2	8.0
2018	—	—	—	—	—	0.1	0.1
2019	—	—	—	—	0.8	—	0.8
2020	—	—	—	—	3.2	0.1	3.3
2021 and onwards	624.0	196.3	—	—	—	65.4	885.7
Unlimited	835.4	—	454.3	62.9	—	—	1,352.6
	\$ 1,459.4	\$ 213.1	\$ 454.3	\$ 62.9	\$ 17.3	\$ 65.8	\$ 2,272.8

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

As at December 31, 2015, an aggregate temporary difference of \$2.8 billion (2014 - \$501.7 million) 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.

13. LOSS PER SHARE

Loss per share are based on the weighted average number of common shares of the Company outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

For the years ended December 31,	2015	2014
Weighted average number of common shares (in thousands) - basic	936,606	820,782
Weighted average number of dilutive shares (in thousands) relating to convertible debt	—	1,723
Weighted average number of common shares (in thousands) - diluted (i)	936,606	822,505

Basic and Diluted Loss Per Share from Continuing Operations

Net loss from continuing operations - basic	\$ (2,099.6)	\$ (1,194.9)
Dilution effects related to the convertible debt	—	(9.8)
Net loss from continuing operations - diluted	\$ (2,099.6)	\$ (1,204.7)
Loss per share from continuing operations - basic and diluted	\$ (2.24)	\$ (1.46)

Basic and Diluted Loss Per Share

Net loss - basic	\$ (2,114.8)	\$ (1,383.1)
Dilution effects related to the convertible debt	—	(9.8)
Net loss - diluted	\$ (2,114.8)	\$ (1,392.9)
Loss per share - basic and diluted	\$ (2.26)	\$ (1.69)

(i) Effect of dilutive securities - the potential shares attributable to stock options (2015 - 954 stock options, 2014 - 4,882 stock options) and restrictive share units (2015 - 403,727 RSUs, 2014 - 645,832 RSUs) were anti-dilutive for the year ended December 31, 2015 and December 31, 2014.

14. OTHER COMPREHENSIVE INCOME and RESERVES

(a) Accumulated Other Comprehensive Income

For the years ended December 31,	2015	2014
Net change in unrealized gains on available-for-sale securities:		
Change in fair value	\$ (0.5)	\$ (0.8)
Reclassification of losses recorded in earnings	0.2	0.6
	<u>(0.3)</u>	<u>(0.2)</u>
Net change in fair value of hedging instruments		
Change in fair value	37.8	28.2
Reclassification of losses recorded in earnings	(3.9)	3.9
Tax impact	<u>(9.0)</u>	<u>9.0</u>
	<u>24.9</u>	<u>41.2</u>
Re-measurement of employee benefit plan	\$ 0.1	\$ (1.2)
Accumulated other comprehensive income/(loss) attributable to equity shareholders	\$ 24.7	\$ 39.8

(b) Reserves

	2015	2014
Equity reserve		
Balance, beginning of year	\$ 23.2	\$ 24.7
Exercise of stock options and share appreciation	—	(0.1)
Transfer of restricted share units to share capital on vesting	(13.7)	(16.4)
Issue of restricted share units	10.2	14.1
Share cancellation net of accumulated dividends received (Note 29)	0.3	1.0
Balance, end of year	\$ 20.0	\$ 23.2
Hedging reserve (i)		
Balance, beginning of year	\$ (24.9)	\$ (66.1)
Net change in fair value of hedging instruments	28.8	37.2
Reclassification of losses to earnings	<u>(3.9)</u>	<u>3.9</u>
Balance, end of year	\$ —	\$ (24.9)
Available-for-sale reserve (ii)		
Balance, beginning of year	\$ —	\$ 0.1
Change in fair value of available-for-sale securities	(0.5)	(0.8)
Reclassification of losses to earnings	<u>0.2</u>	<u>0.6</u>
Balance, end of year	\$ (0.3)	\$ —
Other reserve		
Balance, beginning of year	\$ (1.2)	\$ —
Re-measurement of employee benefit plan (iii)	<u>0.1</u>	<u>(1.2)</u>
Balance, end of year	\$ (1.1)	\$ (1.2)
Total reserve balance, end of year	\$ 18.6	\$ (2.9)

- (i) The hedging reserve represents hedging gains and losses recognized on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognized in the Consolidated Statement of Operations when the hedged transaction impacts the Consolidated Statement of Operations, or is recognized as an adjustment to the cost of non-financial hedged items.
- (ii) The available-for-sale reserve represents the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold or impaired, the relevant portion of the reserve is recognized in the Consolidated Statement of Operations.
- (iii) The re-measurement of employee benefit plan represents the gains and losses recognized on the actuarial re-measurement of the liability related to the severance benefit plan required by the labour law in Chile.

15. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Non-Cash Investing and Financing Transactions

For the year ended December 31,	2015	2014
Interest capitalized to assets under construction	\$ 6.4	\$ 27.8
Issue of common shares on acquisition of mineral interests	\$ 36.4	\$ 1,011.8
Issue of common shares on vesting of RSU (Note 29)	\$ 13.7	\$ 16.4
Transfer of equity reserve on exercise of stock options	\$ —	\$ 0.1

(b) Net Change in Working Capital

For the year ended December 31,	2015	2014
Net decrease/(increase) in:		
Trade and other receivables	\$ 7.6	\$ 12.4
Inventories	(3.9)	(32.5)
Other assets	4.5	8.3
Net (decrease)/increase in:		
Trade payable and other payables	(63.3)	69.6
Other liabilities	(54.4)	(139.9)
Movement in above related to foreign exchange	(29.3)	0.9
Net change in working capital (i)	\$ (138.8)	\$ (81.1)

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

(c) Cash and Cash Equivalents

	2015	2014
Cash at bank	\$ 116.3	\$ 187.3
Bank short-term deposits	3.6	3.7
Total cash and cash equivalents of continuing operations (i)	\$ 119.9	\$ 191.0

(i) 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 from the date of acquisition.

16. FINANCIAL INSTRUMENTS

(a) Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, trade and other receivables, investments in financial securities, trade and other payables, long-term debt including convertible 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 market closing prices at period end, on published and observable market prices for similar instruments and on inputs derived principally from or collaborated by observable market data or other means, except for the determination of the fair value of warrants for which the Black-Scholes model was used.

There were no material differences between the carrying value and fair value of non-current assets and liabilities. As at December 31, 2015, the debt has a carrying value of \$1.68 billion (December 31, 2014 — \$2.03 billion), which is comprised of a revolving facility, senior debt notes and assumed debt with fair values of \$185.7 million, \$1.55 billion and \$42.2 million, respectively (December 31, 2014 — \$410.1 million, \$1.54 billion and \$105.2 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, 2015, 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. The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis:

<i>As at December 31, 2015</i>	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Available-for-sale securities (Note 19)	3.3	—	—	3.3
Warrants (Note 19)	—	17.3	—	17.3
Derivative related assets (Note 19)	—	3.8	—	3.8
	\$ 3.3	\$ 21.1	\$ —	\$ 24.4
Liabilities:				
Derivative related liabilities (Note 25)	—	—	—	—
	\$ —	\$ —	\$ —	\$ —

<i>As at December 31, 2014</i>	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Available-for-sale securities (Note 19)	3.4	—	—	3.4
Derivative related assets (Note 19)	—	10.8	—	10.8
	\$ 3.4	\$ 10.8	\$ —	\$ 14.2
Liabilities:				
Convertible debentures	\$ 23.7	\$ —	\$ —	23.7
Derivative related liabilities (Note 25)	—	36.6	—	36.6
	\$ 23.7	\$ 36.6	\$ —	\$ 60.3

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,	2015	2014
Currency contracts		
Forward contracts	\$ —	\$ 10.8
Commodity contracts		
Forward contracts	\$ 3.8	\$ —
Total derivative related assets	3.8	10.8
Less: Current portion	(3.8)	(10.8)
Non-current portion	\$ —	\$ —

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

As at December 31,	2015	2014
Currency contracts		
Forward contracts	\$ —	\$ 36.6
Total derivative related liabilities (Note 25)	—	36.6
Less: Current portion	—	(36.6)
Non-current portion	\$ —	\$ —

The following table summarizes unrealized derivative gains (losses):

For the year ended December 31,	2015	2014
Non-hedge derivatives		
Currency contracts	\$ —	\$ 10.8
Commodity contracts	\$ 3.8	\$ —
Hedge ineffectiveness		
Currency contracts	\$ —	\$ 6.1
	\$ 3.8	\$ 16.9

The following table summarizes realized derivative gains (losses):

For the year ended December 31,	2015	2014
Commodity contracts	\$ 39.3	\$ 3.4
Currency contracts	3.9	(2.1)
	\$ 43.2	\$ 1.3

Included in cost of sales excluding depletion, depreciation and amortization, are realized losses in the amount of \$30.9 million for the year ended December 31, 2015, respectively (2014 — \$4.3 million realized losses) with respect to currency derivative contracts.

The hedging reserve net balance as at December 31, 2015 is \$nil (December 31, 2014 — *negative* \$24.9 million). The total cash flow currency hedge gains in OCI (Note 14) for the year ended December 31, 2015 is gain of \$28.8 million (December 31, 2014 — *gain* \$37.2 million).

(b) Market Risk

Market risk is the risk that changes in market factors, such as foreign exchange, commodity prices or interest rates will affect the value of the Company's financial instruments. Market risks are managed by either accepting the risk or mitigating it through the use of derivatives and other economic hedges.

i. Currency Risk

The Company's sales are predominantly denominated in 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, the Mexican Peso and the Canadian Dollar. Monetary assets denominated in foreign currencies are also exposed to foreign currency fluctuations. These potential currency fluctuations could have a significant impact on production costs and affect the Company's earnings and financial condition. Following a period of sustained decline in these foreign currencies, as at December 31, 2015, the Company has temporarily halted its currency hedging program and does not have any outstanding foreign currency contracts.

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.

	2015		2014	
	Effect on net earnings before tax	Effect on other comprehensive income, before tax	Effect on net earnings before tax	Effect on other comprehensive income, before tax
(On 10% change in United States Dollars exchange rate)				
Brazilian Reals	\$ 7.6	\$ —	\$ 5.7	\$ 3.3
Argentine Peso	\$ 0.2	\$ —	\$ 1.2	\$ —
Canadian Dollar	\$ 7.1	\$ —	\$ 6.8	\$ —
Mexican Peso	\$ 1.2	\$ —	\$ 2.3	\$ —
Chilean Peso	\$ 5.3	\$ —	\$ 5.9	\$ —

The sensitivity analysis included in the tables above should be used with caution as the results are theoretical, based on management's best assumptions using material and practicable data which may generate results that are not necessarily indicative of future performance. In addition, in deriving this analysis, the Company has made assumptions based on the structure and relationships of variables as at the balance sheet date which may differ due to fluctuations throughout the year with all other variables assumed to remain constant. Actual changes in one variable may contribute to changes in another variable, which may amplify or offset the effect on earnings.

ii. Commodity Price Risk

Gold, copper and silver prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the political and economic conditions of major gold, copper and silver-producing countries. The profitability of the Company is directly related to the market price of gold, copper and silver. A decline in the market prices for these precious metals could negatively impact the Company's future operations. The Company has not hedged any of its gold sales. Refer to *Management Discussion and Analysis, Section 11 Economic Trends, Business Risks and Uncertainties*, for a detailed discussion of metal price risks.

As at December 31, 2015 the Company had \$25.2 million (December 31, 2014 — \$41.1 million) in receivables relating to provisionally priced concentrate sales. For year ended December 31, 2015, the Company unrecognized gain of \$1.8 million (2014 — \$11.0 million losses) on receivables relating to provisionally priced concentrate sales.

During the fourth quarter, the Company entered into contracts whereby 42 million pounds of 2016 copper production was purchased at a price of \$2.20 per pound, which represents approximately 34% of the expected 2016 Chapada production. The Company periodically uses forward contracts to economically hedge against the risk of declining copper prices for a portion of its forecast copper concentrate sales.

The Company's exposure to commodity prices are limited to the trade receivables associated with provisional pricing of metal concentrate sales, particularly copper, and the copper forward contracts. A 10% change in the average metal prices at the balance sheet date with all other variables constant would result in the following impact to the Company's before tax earnings:

(10% change in price)	Effects on net earnings, before tax	
Gold in concentrate	\$	7.4
Copper in concentrate	\$	23.1
Silver in concentrate	\$	0.2

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

iii. Interest Rate Risk

As at December 31, 2015, the majority of the Company's long-term debt was at fixed rates. The Company is exposed to interest rate risk on its variable rate debt and may enter into interest rate swap agreements to hedge this risk. The Company did not have any interest-rate hedges as at December 31, 2015.

iv. Credit Risk

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

For cash and cash equivalents, trade and other receivables, derivative related assets, restricted cash 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,	2015	2014
Cash and cash equivalents	\$ 119.9	\$ 191.0
Trade and other receivables	45.9	51.0
Derivative related assets (Note 19)	3.8	10.8
Long-term tax credits (Note 20)	68.0	54.6
	\$ 237.6	\$ 307.5

v. Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Under the terms of our trading agreements, counterparties cannot require the Company to immediately settle outstanding derivatives except upon the occurrence of customary events of default. The Company mitigates liquidity risk through the implementation of its Capital Management Policy by managing its capital expenditures, forecast and operational cash flows, and by maintaining adequate lines of credit. As part the capital allocation strategy, the Company examines opportunities to divest assets that do not meet the Company's investment criteria. In addition, the Company addresses the capital management process as described in Note 32. Contractual maturities relating to contractual commitments are included in Note 34 and relating to long-term debt is included in Note 27.

17. TRADE AND OTHER RECEIVABLES

As at December 31,	2015	2014
Trade receivable (i)	\$ 42.5	\$ 47.2
Other receivables	3.4	3.8
Trade and other receivables	\$ 45.9	\$ 51.0

- (i) The average credit period for gold sales is less than 30 days and for copper approximately 90 days. No interest is charged on trade receivables and they are neither impaired nor past due.

18. INVENTORIES

As at December 31,	2015	2014
Product inventories	\$ 60.0	\$ 56.6
Metal in circuit and gold in process	70.0	71.2
Ore stockpiles	34.1	63.1
Materials and supplies	105.9	108.6
	\$ 270.0	\$ 299.5

The amount of inventories recognized as an expense during the year ended December 31, 2015 was \$1.09 billion (2014 - \$1.05 billion) and is included in cost of sales. For the year ended December 31, 2015, a total charge of \$1.9 million was recorded to adjust inventory to net realizable value (2014 - \$21.2 million) which is included in cost of sales.

19. OTHER FINANCIAL ASSETS

As at December 31,	2015	2014
Income tax recoverable and installments	\$ 34.8	\$ 37.1
Tax credits recoverable (i)	64.6	67.1
Derivative related asset (Note 16(a))	3.8	10.8
Restricted cash (ii)	1.0	32.2
Investments in financial securities (iii)	20.6	3.4
Other	4.8	4.5
	\$ 129.6	\$ 155.1
Current	102.3	111.8
Non-current	27.3	43.3
	\$ 129.6	\$ 155.1

- (i) Tax credits recoverable classified as other financial assets consist of sales taxes which are recoverable in the form of a refund from the respective jurisdictions in which the Company operates.
- (ii) During the year ended December 31, 2015, several deposits in respect of environmental guarantees in the Province of Quebec from the 50% interest on Canadian Malartic were released and replaced with a letter of credit.
- (iii) The Company has investments in financial securities which includes warrants related to the Sandstorm metal sales agreement (Note: 26 Other Provisions and Liabilities) recorded at their fair value of \$17.3 million. Warrants are fair valued at the end of each period with the gain or loss recorded in the Statement of Operations. Investments in financial securities also includes available-for-sale ("AFS") securities with a cost of \$16.7 million (2014 - \$19.7 million) and a fair value of \$3.3 million (2014 - \$3.4 million). AFS 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. For the year ended December 31, 2015, after management's review and based on objective evidence, a total impairment of \$1.2 million (for the year ended December 31, 2014 - \$2.9 million), which represents the difference between the carrying value and the fair market value on certain investments in financial securities, was recognized as other expenses in the Consolidated Statement of Operations.

20. OTHER ASSETS

As at December 31,	2015	2014
Tax credits recoverable (i)	\$ 68.0	\$ 54.6
Advances and deposits	67.8	70.1
Other long-term advances	12.3	42.8
	\$ 148.1	\$ 167.6
Current	93.1	103.7
Non-current	55.0	63.9
	\$ 148.1	\$ 167.6

- (i) Tax credits recoverable classified as other assets consist of sales taxes which are recoverable against other taxes payable and value-added tax.

21. PROPERTY, PLANT AND EQUIPMENT

	Mining property costs subject to depletion (i)	Mining property costs not subject to depletion (ii)	Land, building, plant & equipment	Total
Cost, January 1, 2014	\$ 3,761.2	\$ 7,105.1	\$ 1,999.7	\$ 12,866.0
Adjustment of opening balance for assets held for sale	(13.3)	(306.1)	—	(319.4)
Additions (v)	836.7	487.2	762.6	2,086.5
Reclassification, transfers and other non-cash movements	486.0	(449.2)	(29.0)	7.8
Change in decommissioning, restoration & similar liabilities	3.3	0.8	(0.1)	4.0
Disposals	(5.9)	(22.9)	(23.5)	(52.3)
Cost, December 31, 2014	\$ 5,068.0	\$ 6,814.9	\$ 2,709.7	\$ 14,592.6
Additions	70.9	274.9	33.0	378.8
Reclassification, transfers and other non-cash movements (iii)	384.0	(531.9)	171.2	23.3
Change in decommissioning, restoration & similar liabilities	(0.5)	(0.6)	—	(1.1)
Disposals	0.1	(10.6)	(111.7)	(122.2)
Cost, December 31, 2015	\$ 5,522.5	\$ 6,546.7	\$ 2,802.2	\$ 14,871.4
Accumulated depreciation, January 1, 2014	\$ 1,267.8	\$ 557.3	\$ 780.1	\$ 2,605.2
Adjustment of opening balance for assets held for sale	—	(175.0)	—	(175.0)
Depreciation for the year	258.6	—	240.1	498.7
Impairment (iv)	166.4	586.5	—	752.9
Reclassification, transfers and other non-cash movements	—	—	7.8	7.8
Disposal	(0.6)	—	(24.0)	(24.6)
Accumulated depreciation, December 31, 2014	\$ 1,692.2	\$ 968.8	\$ 1,004.0	\$ 3,665.00
Depreciation for the year	310.6	7.4	209.1	527.1
Impairment (iv)	1,207.0	1,339.2	—	2,546.2
Reclassification, transfers and other non-cash movements	1.5	(36.7)	35.2	—
Disposal	—	(2.9)	(72.7)	(75.6)
Accumulated depreciation, December 31, 2015	\$ 3,211.3	\$ 2,275.8	\$ 1,175.6	\$ 6,662.7
Carrying value, December 31, 2014	\$ 3,375.8	\$ 5,846.1	\$ 1,705.7	\$ 10,927.6
Carrying value, December 31, 2015	\$ 2,311.2	\$ 4,270.9	\$ 1,626.6	\$ 8,208.7

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

As at December 31,	2015	2014
Balance, beginning of year	\$ 252.3	\$ 181.3
Additions	48.5	94.7
Amortization	(20.2)	(23.7)
Balance, end of year	\$ 280.6	\$ 252.3

(ii) Mining property costs not subject to depletion include: capitalized mineral reserves and exploration potential acquisition costs, capitalized exploration & evaluation costs, capitalized development costs, assets under construction, capital projects and acquired mineral resources at operating mine sites. Mining property costs not subject to depletion are composed of the following:

As at December 31,	2015	2014
Projects with mineral reserves	\$ 2,103.6	\$ 2,125.5
Exploration potential	2,137.1	3,720.6
Mines under construction	30.2	—
Total	\$ 4,270.9	\$ 5,846.1

(iii) Reclassification, transfers and other non-cash movements includes \$23.3 million in stockpile inventory which is not expected to be processed within one year.

(iv) During the year, the Company recognized mineral property impairment charges totalling \$2.55 billion on certain mineral interests (2014 - \$752.9 million). Refer to Note 11: *Impairments* for additional details.

(v) Due to the finalization of the purchase price allocation, additions has been adjusted from prior year for finalization of purchase price allocation.

22. 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 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 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. Profits are added to the equity investment and cash distributions received reduce 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'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 the Company's share of the associate's losses equals or exceeds its investment in the associate, recognition of further losses is discontinued. After the Company's interest is reduced to zero, additional losses will be provided for and a liability recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognizing its share of those profits only after the Company's share of the profits equals the share of losses not recognized.

Earnings of Alumbrera have been included in the earnings of the Company since acquisition. Summarized financial information of Alumbrera is as follows:

<i>As at December 31,</i>	2015	2014
Current assets	\$ 355.4	\$ 388.8
Non-current assets	39.0	642.8
Total assets	\$ 394.4	\$ 1,031.6
Current liabilities	\$ 246.8	\$ 169.1
Non-current liabilities	199.7	364.7
Total liabilities	\$ 446.5	\$ 533.8
Net assets	\$ (52.1)	\$ 497.8

<i>For the years ended December 31,</i>	2015	2014
Company's share of total revenues (12.5%) for the year	\$ 62.6	\$ 128.5
Company's share of losses (12.5%) for the year	(68.9)	(7.1)

	2015	2014
Balance of investment in associate, beginning of the year	\$ 66.6	\$ 117.9
Equity in earnings	(17.5)	(7.1)
Cash distributions	—	(44.2)
Impairment (i)	(49.1)	—
Balance, end of year	\$ —	\$ 66.6

- (i) During the year ended December 31, 2015, an impairment charge of \$49.1 million was recognized against the carrying value of the Company's 12.5% equity interest in the Alumbra mine, which is near the end of its mine life (*Note 11: Impairments*).

23. GOODWILL AND INTANGIBLES

	Goodwill (i)	Other intangibles (ii)	Total
Cost, January 1, 2014	\$ —	\$ 72.2	\$ 72.2
Additions	\$ 427.6	\$ 5.3	\$ 432.9
Cost, December 31, 2014	\$ 427.6	\$ 77.5	\$ 505.1
Additions	\$ —	\$ 1.5	\$ 1.5
Cost, December 31, 2015	\$ 427.6	\$ 79.0	\$ 506.6
Accumulated amortization and impairment, January 1, 2014	\$ —	\$ (6.6)	\$ (6.6)
Amortization	\$ —	\$ (5.3)	\$ (5.3)
Accumulated depreciation and impairment, December 31, 2014	\$ —	\$ (11.9)	\$ (11.9)
Amortization	\$ —	\$ (5.2)	\$ (5.2)
Accumulated depreciation and impairment, December 31, 2015	\$ —	\$ (17.1)	\$ (17.1)
Carrying value, December 31, 2014	\$ 427.6	\$ 65.6	\$ 493.2
Carrying value, December 31, 2015	\$ 427.6	\$ 61.9	\$ 489.5

- (i) Goodwill represents the excess of the purchase cost over the fair value of net assets acquired on a business acquisition. On June 16, 2014, the Company acquired 50% interest in Osisko Mining Corporation (*Note 6(a): Acquisition and Disposition of Mineral Interests*). Goodwill of \$427.6 million was recognized on the excess of the purchase consideration over the fair value of the assets and liabilities acquired.
- (ii) Intangible assets acquired by way of an asset acquisition or business combination are recognized if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition. Intangible assets must be identifiable, controlled by the Company and with future economic benefits expected to flow from the assets. Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets with finite useful lives are amortized on a straight-line basis over the lesser of mine life or estimated useful life of the intangible asset. The Company reviews the useful life, 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. As at December 31, 2015, included in Other Intangibles, the Company had \$8.6 million (December 31, 2014 - \$3.4 million) of identifiable intangibles, representing the intellectual property and other intangibles recognized in the acquisition of Constructora Gardilic Ltda. and Constructora TCG Ltda and \$53.3 million (December 31, 2014 - \$62.1 million) of capitalized system development costs.

24. TRADE AND OTHER PAYABLES

As at December 31,	2015	2014
Trade payables (i)	\$ 203.1	\$ 289.7
Other payables	113.0	118.2
	\$ 316.1	\$ 407.9

- (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.

25. OTHER FINANCIAL LIABILITIES

As at December 31,	2015	2014
Due to Alumbra (i)	\$ —	\$ 22.5
Derivative related liabilities (Note 16(a))	—	36.6
Other taxes payable	17.0	18.6
Royalty payable (ii)	21.3	15.6
Severance accrual	27.0	27.0
Deferred Share Units/Performance Share Units liability (Note 30(b) and 30(d))	12.3	14.8
Accounts receivable financing credit (iii)	40.0	69.5
Current portion of long-term debt (Note 27)	97.0	34.6
Other	12.1	20.3
	\$ 226.7	\$ 259.5
Current	166.1	204.8
Non-current	60.6	54.7
	\$ 226.7	\$ 259.5

- (i) On January 23, 2013, the Company received an unsecured loan of \$43.8 million from Minera Alumbra Ltd. that bears interest at a rate of 2% and matures in two years. Repayments of \$22.5 million were made during the year ended December 31, 2015 (December 31, 2014 - \$22.1 million).
- (ii) Included in Royalty payable is 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.
- (iii) Accounts receivable financing credit is payable within 30 days from the proceeds on concentrate sales.

26. OTHER PROVISIONS AND LIABILITIES

As at December 31,	2015	2014
Provision for repatriation taxes payable(i)	\$ 70.3	\$ 72.8
Provision for taxes	15.3	15.7
Deferred revenue on metal agreements (ii)	170.4	—
Other provisions and liabilities (iii)	110.8	118.6
	\$ 366.8	\$ 207.1
Current	18.1	69.4
Non-current	348.7	137.7
	\$ 366.8	\$ 207.1

- (i) The Company is subject to additional taxes in Chile on the repatriation of profits to its foreign shareholders. Total taxes in the amount of \$70.3 million (December 31, 2014 - \$72.8 million) have been accrued on the assumption that the profits will be repatriated.
- (ii) Deferred revenue relates to the proceeds received from three metal agreements signed with Sandstorm Gold Ltd. ("Sandstorm") on October 27th, 2015. Sandstorm paid the Company total cash payments of \$148 million and issued the Company 15 million common share purchase warrants (valued at \$18.4 million) with a five year term and strike price of \$3.50 (the "Transaction"). The warrants are exercisable when the Company has incurred an additional \$40 million in capital expenditures in respect of the development and construction of the Cerro Moro Mine. Sandstorm will also pay the Company an additional cash payment of \$4 million by April, 2016. The metal purchase agreements include a silver purchase contract referenced to production from Cerro Moro, Minera Florida and Chapada, a copper purchase transaction referenced to production from Chapada, and a gold purchase transaction referenced to production from Agua Rica.

Under the terms of the Transaction, the Company will sell as follows:

- Silver - In consideration of a \$70 million payment and an additional payment of 30% of the spot price of silver at the time each ounce is delivered in the future, the Company has agreed to deliver silver to Sandstorm as follows:
 - a. From 2016 to 2018, the lesser of (i) 38% of payable silver from Minera Florida, and (ii) 200,000 ounces of payable silver per year and the lesser of (i) 52% of payable silver from Chapada, and (ii) 100,000 ounces of payable silver per year;
 - b. from the later of (i) the commencement of production of Cerro Moro, and (ii) from 2019 to the date on which Yamana has sold to Sandstorm 7,000,000 ounces of payable silver (the "Silver Reduction Date"), the lesser of (1) 20% of payable silver from Cerro Moro, and (2) 1,200,000 ounces of payable silver per year;
 - c. from the Silver Reduction Date, 9% of payable silver from Cerro Moro; and

- d. if the commencement of production of Cerro Moro has not occurred by 2019, from 2019 until the earlier of (i) the commencement of production of Cerro Moro, and (ii) December 31, 2020, the lesser of (1) 16% of payable silver from El Peñón, and (2) 1,200,000 ounces of payable silver per year.
 - **Copper** - In consideration of a \$70 million payment and an additional payment of 30% of the spot price of copper at the time each pound of copper is delivered in the future, the Company has agreed to deliver copper to Sandstorm as follows:
 - a. From 2016, the lesser of (i) 4.2% of payable copper from Chapada, and (ii) 3.9 million pounds of payable copper, until Yamana has delivered to Sandstorm, on a cumulative basis, 39 million pounds of payable copper (the "First Chapada Delivery Threshold");
 - b. after Yamana has delivered to Sandstorm the First Chapada Delivery Threshold, 3% of payable copper from Chapada, until Yamana has delivered to Sandstorm, on a cumulative basis, 50 million pounds of payable copper (the "Second Chapada Delivery Threshold"); and
 - c. after Yamana has delivered to Sandstorm the Second Chapada Delivery Threshold, 1.5% of payable copper from Chapada; and
 - d. if Yamana is unable to deliver silver from Cerro Moro, the First Chapada Delivery Threshold and the Second Chapada Delivery Threshold will cease to be in effect and until such time that Cerro Moro is in commercial production Chapada will continue to deliver the lesser of (i) 4.2% of payable copper, and (ii) 3.9 million pounds of payable copper per year.
 - **Gold** - In consideration of a \$12 million in payment, additional advance construction payments of between \$135 million to \$225 million, and an additional payment of 30% of the spot price of gold at the time each ounce of gold is delivered, the Company has agreed to deliver to Sandstorm 20% of payable gold from Agua Rica. The additional advance construction payments will be owed to the Company at the time the Company completes 25% of the construction of Agua Rica. The amount owed will be based on a sliding scale basis with a minimum payment of \$135 million if gold is below \$900 per ounce and a maximum payment of \$225 million if gold is above \$1,400 per ounce. If Sandstorm elects not to make further advanced payments to the Company at the time of the completion of 25% of the construction of Agua Rica, Sandstorm may elect to convert into a 0.25% net smelter royalty on Agua Rica.
- The following table summarizes the changes in deferred revenue:

<i>As at December 31,</i>	2015
Initial balance of deferred revenue	\$ 170.4
Recognition of revenue during the year	—
	\$ 170.4
Less: current portion	(7.5)
Balance as at December 31, 2015	\$ 162.9

- (iii) Other provisions and liabilities include provisions relating to legal proceedings, silicosis and other. In 2004, a former director of Northern Orion (now named 0805346 B.C. Ltd.) commenced proceedings in Argentina against Northern Orion claiming damages in the amount of \$177.0 million for alleged breaches of agreements entered into with the plaintiff. The plaintiff alleged that the agreements entitled him to a pre-emptive right to participate in acquisitions by Northern Orion in Argentina and claimed damages in connection with the acquisition by Northern Orion of its 12.5% equity interest in the Alumbrera Mine. On August 22, 2008, the National Commercial Court No. 13 of the City of Buenos Aires issued a first-instance 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. Northern Orion appealed this decision through to the Supreme Court of Argentina, but on October 28, 2014, the Supreme Court denied Northern Orion's motion for leave to appeal and accordingly the determination of the National Commercial Appeals Court regarding the plaintiff's entitlement to damages stands. The court appointed valuator subsequently delivered an assessment order of the value of lost opportunity to the plaintiff at \$244 million. On November 13, 2015, the National Commercial Court of Appeals rejected the plaintiff's appeal against the annulment of the award. As no further action before the expiration of the term for any possible appeal on December 18, 2015, the annulment of the \$244 million award made by the valuator is definitive. A new court appointed valuator will now be assigned to determine the assessment. The quantum of liability in this case is uncertain, but Northern Orion will continue to vigorously defend its position.
- Additionally, other provisions and liabilities includes provisions 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 the above noted items. The actual amount and timing of any expected payments on provisions are uncertain as their determination is outside the control of the Company's management.

27. LONG-TERM DEBT

<i>As at December 31,</i>	2015	2014
\$500 million senior debt notes (a)	\$ 495.0	\$ 494.6
\$300 million senior debt notes (b)	298.4	298.3
\$500 million senior debt notes (c)	497.7	497.2
\$270 million senior debt notes (d)	254.7	254.6
\$1 billion revolving facility (e)	185.7	410.1
Long-term debt from 50% interest of Canadian Malartic (Note 6) and (Note 27(f))	42.2	105.2
Total debt	\$ 1,773.7	\$ 2,059.9
Less: current portion of long-term debt (Note 25)	\$ (97.0)	\$ (34.6)
Long-term debt (i)	\$ 1,676.7	\$ 2,025.4

- (i) Balances are net of transaction costs of \$15.1 million, net of amortization (December 31, 2013 - \$10.2 million).

- (a) On June 25, 2014, the Company issued senior unsecured debt notes for a total of \$500.0 million. These notes are unsecured at a rate of 4.95% with maturity of July 15, 2024.
- (b) On June 10, 2013, the Company closed on a private placement of senior unsecured debt notes for a total of \$300.0 million. These notes are unsecured and are comprised of two series of notes as follows:
- Series A - \$35.0 million at a rate of 3.64% with maturity of June 10, 2018.
 - Series B - \$265.0 million at a rate of 4.78% with maturity of June 10, 2023.
- (c) On March 23, 2012, the Company closed on a private placement of senior unsecured 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.
- (d) On December 18, 2009, the Company closed on a private placement of senior unsecured 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% fully repaid on 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.
- (e) On May 29, 2015, the company refinanced its revolving facility of \$1.0 billion. The following summarizes the terms in respect to this facility as at December 31, 2015:
- The credit facility is unsecured and has a maturity date of May 29, 2020.
 - Amounts drawn bear interest at a rate of LIBOR plus 1.20% to 2.25% per annum, depending upon the Company's credit rating.
 - Undrawn amounts are subject to a commitment fee of 0.24% to 0.45% per annum depending upon the Company's credit rating.
 - During the year, the Company withdrew \$425.0 million from the revolving facility and repaid \$650.0 million.
- (f) During the year, the Company triggered an early conversion of the Company's 6.875% convertible unsecured subordinated debentures, assumed on the acquisition of Canadian Malartic in 2014, using previously escrowed and segregated shares and cash which had been set aside. The following debt is not guaranteed by the Company:
- Loans with total principal outstanding of \$28.9 million (C\$40 million) and interest rates up to 9.6%, maturing from 2016 to 2017. Since the date of acquisition, \$37.9 million of the Company's share of the assumed debt was repaid.
 - Obligations under finance lease of \$13.7 million (C\$19 million) and interest rates ranging between 3.5% and 4.7%, maturing November 2019.
 - During the year, the Company made finance lease payments of \$18.2 million and repayment of the loan of \$23.1 million.

The following is a schedule of long-term debt principal repayments which includes corporate debt, the revolving facility, and debt assumed from the 50% interest in Canadian Malartic which is neither corporate nor guaranteed by the Company:

	Long-term Debt
2016	\$ 97.0
2017	16.3
2018	111.3
2019	183.5
2020	274.9
2021	—
2022	200.0
2023	265.0
2024	640.0
	\$ 1,788.0

The Company will, from time to time, repay balances outstanding on its revolving credit and intends to renew the credit facility upon maturity in 2019.

28. DECOMMISSIONING, RESTORATION AND SIMILAR LIABILITIES

<i>As at December 31,</i>	2015	2014
Balance, beginning of year	\$ 207.9	\$ 177.1
Decommissioning, restoration and similar liabilities acquired during the year (Note 6(a))	—	11.8
Unwinding of discount in the current year for operating mines	15.2	17.8
Unwinding of discount in the current year for non-operating mines	1.3	0.9
Adjustments to decommissioning, restoration and similar liabilities during the year	15.3	33.8
Foreign exchange impact	(47.7)	(17.2)
Expenditures during the current year	(4.2)	(5.4)
Reclassification of liabilities held for sale	5.5	(11.0)
Balance, end of year	\$ 193.3	\$ 207.9
Current	5.7	3.8
Non-current	187.6	204.1
	\$ 193.3	\$ 207.9

The Decommissioning, restoration and similar liabilities are calculated as the net present value of future cash flows, which total \$287.5 million (December 31, 2014 - \$310.9 million) using discount rates specific to the liabilities of 1.49% to 30.7 % (December 31, 2014 - 2.6% to 33.1%). The settlement of the obligations is estimated to occur through to 2042. The decommissioning, restoration and similar liabilities of the mines and projects are incurred in Brazilian Reals, Chilean Pesos, Argentine Pesos, Mexican Pesos, Canadian and United States Dollars. The liabilities, other than those denominated in United States Dollar, are subject to translation gains and losses from one reporting period to the next in accordance with the Company's accounting policy for foreign currency translation of monetary items. Adjustments during the year reflect changes in estimates and assumptions including discount and inflation rates. The translation gains/losses, as well as changes in the estimates related to these liabilities are reflected in property, plant and equipment.

29. SHARE CAPITAL

(a) Common Shares Issued and Outstanding

The Company is authorized to issue an unlimited number of common shares at no par value and a maximum of eight million first preference shares. There were no first preference shares issued or outstanding as at December 31, 2015 (2014: nil).

For the years ended December 31,	2015		2014	
	Number of common shares (in thousands)	Amount (in millions)	Number of common shares (in thousands)	Amount (in millions)
<i>Issued and outstanding - 947,038,778 common shares (December 31, 2014 - 878,052,814 common shares):</i>				
Balance, beginning of year	878,053	\$ 7,347.3	753,303	\$ 6,320.1
Public offering (net of issue costs)(i)	56,465	227.9	—	—
Issued on acquisition of mineral interests	11,093	36.4	123,621	1,011.8
Exercise of options and share appreciation rights	—	—	5	0.1
Issued on vesting of restricted share units	1,294	13.7	1,220	16.4
Dividend reinvestment plan (ii)	174	0.4	—	—
Share cancellation (iii)	(40)	(0.3)	(96)	(1.1)
Balance, end of year	947,039	\$ 7,625.4	878,053	\$ 7,347.3

- (i) On February 3rd, 2015, the Company closed on a bought deal offering of 49.1 million common shares at a share price of C\$5.30 per share for gross proceeds of approximately C\$260.2 million (the "Offering"). The shares were offered by way of a short-form prospectus in all of the provinces of Canada. In addition, the Company granted to the underwriters an option (the "Over-Allotment Option") to purchase from the Company up to an additional 7.4 million common shares at a price of C\$5.30 per share for a total of 56.5 million common shares, on the same terms and conditions as the Offering, exercisable any time, in whole or in part, until the date that was 30 days after and including the closing date of the Offering. The Over-Allotment Option was exercised in full, bringing the total gross proceeds to the Company of C\$299.3 million.
- (ii) The Company has a dividend reinvestment plan to provide holders of common shares a simple and convenient method to purchase additional common shares by electing to automatically reinvest all or any portion of cash dividends paid on common shares held by the plan participant without paying any brokerage commissions, administrative costs or other service charges. As at December 31, 2015, a total of 14,342,050 shares have subscribed to the plan.
- (iii) During the year ended December 30, 2015, the Company cancelled 40,249 common shares relating to entitlement from un-exchanged predecessor shares following the expiry of the period of surrender for a previous acquisition.

(b) Dividends Paid and Declared

For the years ended December 31,	2015		2014	
Dividends paid	\$	55.2	\$	142.9
Dividends declared in respect of the year	\$	57.6	\$	107.7
Dividend paid (per share)	\$	0.0600	\$	0.1775
Dividend declared in respect of the year (per share)	\$	0.0600	\$	0.1275

30. SHARE-BASED PAYMENTS

The total expense relating to share-based payments includes accrued compensation expense related to plans granted in the current period, plans granted in the prior period and adjustments to compensation associated with mark-to-market adjustments on cash-settled plans, as follows:

For the years ended December 31,	2015		2014	
Accrued expense on equity-settled compensation plans granted in the current period	\$	2.8	\$	1.8
Accrued expense on cash-settled compensation plans granted in the current period		1.9		3.7
Total for instruments granted in the current period	\$	4.7	\$	5.5
Accrued expense on equity-settled compensation plans granted in prior periods		7.2		11.9
Total	\$	11.9	\$	17.4
Compensation expense for Brio Gold		4.6		0.3
Mark-to-market recovery on cash-settled plans		(5.3)		(11.9)
Total expense recognized as compensation expense	\$	11.2	\$	5.8

As at December 31,	2015	2014
Total carrying amount of liabilities for cash-settled arrangements (Note 25)	\$ 12.3	\$ 14.8

For the deferred share units, the fair value method of accounting is used requiring a mark-to-market adjustment at the end of each reporting period. A recovery is recorded when the underlying share price is lower at the end of the period relative to the previously recorded liability. Conversely, when the underlying share price is higher at the end of the period, an expense is recorded. The mark-to-market recovery of \$5.3 million for the year ended December 31, 2015 is lower than the \$11.9 million recovery for the comparative period in 2014 due to a lower depreciation of the Company's share price in the current period vis-a-vis the comparative period, resulting in a higher compensation expense.

The expense related to certain extinguished equity and cash settled instruments totalling \$0.8 million for the year ended December 31, 2015, is included in the above values associated with compensation instruments granted in the current period, as IFRS does not allow the reversal of expense on previously granted instruments and requires an acceleration of the vesting period upon such determination.

(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 (2014 - 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. Expense of \$2.2 million for the year ended December 31, 2015, including \$0.5 million relating to the extinguishment of stock options (2014 - expense of \$1.4 million) was recognized in respect of the amortization of options over the vesting period.

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:

	2015		2014	
	Number of options (000's)	Weighted average exercise price (CAD\$)	Number of options (000's)	Weighted average exercise price (CAD\$)
Outstanding, as at beginning of year	1,570	\$ 7.34	2,727	\$ 13.54
Exercised	—	—	(5)	2.61
Expired	(237)	24.76	(1,152)	16.94
Granted (i)(ii)	2,074	5.92	—	—
Cancelled (iii)	(446)	5.30	—	—
Outstanding, as at end of year	2,961	\$ 7.64	1,570	\$ 11.73
Exercisable, as at end of year	2,351	\$ 8.25	1,137	\$ 12.57

- (i) During the year ended December 31, 2015, 1,360,804 options were granted at a weighted average exercise price of C\$5.30 per share. The options granted had a fair value of C\$1.71 at grant date which has been estimated using the Black-Scholes pricing model based on the following assumptions:

Dividend yield	1.34%
Expected volatility (based on the historical volatility of the Company's shares)	50.74%
Risk-free interest rate	0.95% to 0.99%
Expected life	1 to 3 years
Expected forfeiture rate	10%

- (ii) During the year ended December 31, 2015, 713,624 options were granted as part of the Mega Precious Metals acquisition at a weighted average exercise price of C\$7.13 per share. The options granted had a weighted average fair value of C\$0.19 at grant date which has been estimated using the Black-Scholes pricing model based on the following assumptions:

Dividend yield	1.8%
Expected volatility (based on the historical volatility of the Company's shares)	50.74%
Risk-free interest rate	0.95%
Expected life	1 to 5 years
Expected forfeiture rate	10%

- (iii) During the year ended December 31, 2015, management extinguished a total of 445,960 options with an exercise price of C\$5.30 per share. An expense of \$0.5 million is included in the compensation expense for the year as IFRS does not allow the reversal of expense on previously granted instruments and requires an acceleration of the vesting period upon such determination.

Stock options outstanding and exercisable as at December 31, 2015 are as follows:

Exercise price (Cdn\$)	Outstanding		Exercisable	
	Quantity (000's)	Weighted average remaining contractual life (Years)	Quantity (000's)	Weighted average remaining contractual life (Years)
\$0.01 - \$7.99	1,559	3.61	949	2.04
\$9.00 - \$12.99	1,364	4.85	1,364	4.85
\$20.00 - \$29.99	38	0.41	38	0.41
Total	2,961	4.39	2,351	3.79

(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 year. 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)	2015	2014
Outstanding and exercisable, as at beginning of year	3,074	2,634
Granted	446	493
Settled	—	(53)
Outstanding and exercisable, as at end of year	3,520	3,074

The value of the DSU as at December 31, 2015 was \$11.5 million (December 31, 2014 — \$14.8 million). In the year ended December 31, 2015 the Company recorded mark-to-market gains of \$5.3 million (2014 — gain of \$11.9 million), which is included in other operating

expenses. Expenses of \$1.2 million for year ended December 31, 2015 (2014 — \$8.3 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 its 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. An 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.

<i>Number of RSU (000's) held for Yamana Gold Inc.</i>	2015	2014
Outstanding and exercisable, as at January 1,	1,972	2,192
Granted	340	1,012
Vested and converted to common shares	(1,294)	(1,220)
Forfeited	(24)	(12)
Outstanding, as at end of year	994	1,972

In the year ended December 31, 2015, the Company credited \$13.7 million (December 31, 2014 — \$16.4 million) to share capital in respect of RSU that vested during the period. Yamana Gold Inc. granted 340,201 RSU (December 31, 2014— 1,012,047 RSU) with a weighted average grant date fair value of C\$5.30 (December 31, 2014— C\$7.46). The expense of \$7.7 million for the year ended December 31, 2015 (2014 — \$12.7 million) was included in general and administrative expenses. The fair value of RSU as at December 31, 2015 was \$1.8 million (December 31, 2014 — \$7.9 million).

In the year ended December 31, 2015, Brio Gold Inc. granted RSUs and recognized an expense of \$4.6 million for the year ended December 31, 2015 which is included in general and administrative expenses (refer to *Note 31: Non-Controlling Interest*).

(d) Performance Share Units ("PSU")

The Company has a cash settled Performance Share Units plan to form part of the long-term incentive compensation. The PSUs are performance-based awards for the achievement of specified market return and specified asset performance targets over a three year period. The PSUs for which the performance targets have not been achieved shall automatically be forfeited and canceled. The PSUs for which the performance criteria have been achieved will vest and the value that will be paid out is the price of the common shares at such time, multiplied by the number of PSUs for which the performance criteria have been achieved multiplied by the performance criteria multiple.

A total of 1.05 million PSU's were outstanding as of December 31, 2015 with a fair value of \$0.8 million and expiry dates of June 30, 2017 and January 12, 2018.

The PSU plan with a June 30, 2017 expiry had a total of 581,992 PSUs as at December 31, 2015, following certain amendments and the extinguishment of 461,220 PSUs during the year. This PSU plan had a fair value of \$0.14 per unit.

The PSU plan with a January 12, 2018 expiry had a total of 464,613 PSUs as at December 31, 2015, following a grant of 691,099 PSUs and the subsequent extinguishment of 226,486 PSUs. This PSU plan had a fair value of \$3.33 per unit.

The fair value of PSUs granted during the year ended December 31, 2015 was determined using a probability weighted analysis using the Monte Carlo simulation with the following significant assumptions:

Dividend yield (CAD dollars)	3.13%
Expected volatility (i)	67.2%
Risk-free interest rate	0.93%
Expected life	3 years

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

31. NON-CONTROLLING INTEREST

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.

As at December 31,	2015	2014
Aqua De La Falda S.A. (i)	\$ 18.7	\$ 18.7
Brio Gold Inc. (ii)	4.6	—
	\$ 23.3	\$ 18.7

- (i) The Company holds a 56.7% interest of Agua De La Falda ("ADLF") project along with Corporación Nacional del Cobre de Chile ("Codelco"). The ADLF project is an exploration project which includes the Jeronimo Deposit and is located in northern Chile.
- (ii) Equity instruments, including share-based payments, issued by a subsidiary that are not owned by the parent are non-controlling interests regardless of whether they are vested and of the exercise price. In the year ended December 31, 2015, Brio Gold Inc. granted RSUs and recognized an expense of \$4.6 million for the year ended December 31, 2015 which is included in general and administrative expenses.

32. CAPITAL MANAGEMENT

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions, to ensure the externally imposed capital requirements relating to its long-term debt are being met, and to provide returns to its shareholders. The Company defines capital that it manages as net worth, which is comprised of total shareholders' equity and debt obligations (net of cash and cash equivalents). Refer to *Note 29: Share Capital* and *Note 27: Long-term Debt* for a quantitative summary of these items.

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

The Company has the following externally imposed financial covenants on certain of its debt arrangements:

- (a) Tangible net worth of at least \$2.3 billion.
- (b) Maximum net total debt (debt less cash) to tangible net worth of 0.75.
- (c) Leverage ratio (net total debt/EBITDA) to be less than or equal to 3.5:1.

Not meeting these capital requirements could result in a condition of default by the Company. As at December 31, 2015, the Company has met all of the externally imposed financial covenants.

33. OPERATING SEGMENTS

(a) Information about Assets and Liabilities

Property, plant and equipment referred to below consist of land, buildings, equipment, mining properties subject to depletion and mining properties not subject to depletion which include assets under construction and exploration and evaluation costs.

<i>As at December 31, 2015</i>	Chapada	El Peñón	Canadian Malartic (iii)	Gualcamayo	Mercedes	Brio Gold Inc.	Corporate and other (i)	Total
Property, plant and equipment (ii)	\$ 587.7	\$ 1,095.6	\$ 1,439.4	\$ 526.9	\$ 172.1	\$ 430.4	\$ 3,956.7	\$ 8,208.7
Goodwill and intangibles	\$ —	\$ 8.5	\$ 427.7	\$ 1.5	\$ —	\$ —	\$ 51.8	\$ 489.5
Investment in associate	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Non-current assets	\$ 596.8	\$ 1,133.9	\$ 1,872.2	\$ 528.4	\$ 172.1	\$ 464.7	\$ 4,101.0	\$ 8,869.1
Total assets	\$ 697.2	\$ 1,208.5	\$ 1,930.7	\$ 659.6	\$ 222.3	\$ 503.5	\$ 4,296.3	\$ 9,518.1
Total liabilities	\$ 239.1	\$ 322.1	\$ 461.6	\$ 173.4	\$ 33.6	\$ 111.9	\$ 3,311.7	\$ 4,653.5

<i>As at December 31, 2014</i>	Chapada	El Peñón	Canadian Malartic (iii)	Gualcamayo	Mercedes	Brio Gold Inc.	Corporate and other (i)	Total
Property, plant and equipment (ii)	\$ 621.5	\$ 2,004.1	\$ 1,447.7	\$ 1,099.0	\$ 745.7	\$ 498.1	\$ 4,511.5	\$ 10,927.6
Goodwill and intangibles	\$ —	\$ 10.2	\$ 427.7	\$ 1.5	\$ —	\$ —	\$ 53.8	\$ 493.2
Investment in associate	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 66.6	\$ 66.6
Non-current assets	\$ 636.7	\$ 2,053.7	\$ 1,898.9	\$ 1,100.6	\$ 745.7	\$ 497.7	\$ 4,774.2	\$ 11,707.5
Total assets	\$ 731.7	\$ 2,122.9	\$ 1,967.6	\$ 1,242.0	\$ 791.1	\$ 567.8	\$ 5,060.9	\$ 12,484.0
Total liabilities	\$ 232.5	\$ 556.2	\$ 507.9	\$ 471.8	\$ 206.4	\$ 118.1	\$ 3,658.3	\$ 5,751.2

(i) Include assets and liabilities held for sale.

(ii) During the year, the Company recognized mineral property impairment charges totalling \$2,595.3 million (2014 - \$752.9 million) on certain mineral properties in these reportable segments. Refer to *Note 11: Impairments* for additional details including the amount corresponding to each reportable segment.

(iii) Canadian Malartic segment represents a 50% interest on the properties acquired through the June 16, 2014 acquisition of Osisko (*Note 6(a): Acquisition and Disposition of Mineral Interests*).

(b) Information about Profit and Loss

<i>For the year ended December 31, 2015</i>	Chapada	El Peñón	Canadian Malartic (ii)	Gualcamayo	Mercedes	Brio Gold Inc.	Corporate and other (iv)	Total
Revenues (iii)	\$ 404.6	\$ 380.2	\$ 331.3	\$ 192.8	\$ 104.3	\$ 163.6	\$ 248.1	\$ 1,824.9
Cost of sales excluding depletion, depreciation and amortization	(215.9)	(206.2)	(169.4)	(149.3)	(79.3)	(105.2)	(162.7)	(1,088.0)
Gross margin excluding depletion, depreciation and amortization	188.7	174.0	161.9	43.5	25.0	58.4	85.4	736.9
Depletion, depreciation and amortization	(43.9)	(132.8)	(109.3)	(56.2)	(37.9)	(57.0)	(104.8)	(541.9)
Segment income/(loss)	\$ 144.8	\$ 41.2	\$ 52.6	\$ (12.7)	\$ (12.9)	\$ 1.4	\$ (19.4)	\$ 195.0
						Equity loss from associate	\$	(17.5)
						Other expenses (i)	\$	(2,925.0)
						Loss before taxes	\$	(2,747.5)
						Income tax expense		647.9
						Loss from continuing operations	\$	(2,099.6)
						Loss from discontinued operation	\$	(15.2)
						Net loss	\$	(2,114.8)

<i>For the year ended December 31, 2014</i>	Chapada	El Peñón	Canadian Malartic (ii)	Gualcamayo	Mercedes	Brio Gold Inc.	Corporate and other (iv)	Total
Revenues (iii)	\$ 453.5	\$ 510.2	\$ 185.3	\$ 206.7	\$ 137.1	\$ 106.1	\$ 236.2	\$ 1,835.1
Cost of sales excluding depletion, depreciation and amortization	(262.8)	(218.5)	(109.8)	(150.0)	(74.9)	(78.4)	(151.4)	(1,045.8)
Gross margin excluding depletion, depreciation and amortization	190.7	291.7	75.5	56.7	62.2	27.7	84.8	789.3
Depletion, depreciation and amortization	(45.8)	(146.6)	(50.0)	(74.3)	(42.6)	(22.4)	(121.8)	(503.5)
Segment income/(loss)	\$ 144.9	\$ 145.1	\$ 25.5	(17.6)	\$ 19.6	\$ 5.3	(37.0)	\$ 285.8
							Equity loss from associate	\$ (7.1)
							Other expenses (i)	\$ (1,114.8)
							Loss before taxes	\$ (836.1)
							Income tax recovery	(358.8)
							Loss from continuing operations	\$ (1,194.9)
							Loss from discontinued operations	\$ (188.2)
							Net Loss	\$ (1,383.1)

- (i) Other expenses is comprised of general and administrative expense of \$118.0 million (2014 - \$122.4 million), exploration and evaluation expense of \$23.1 million (2014 - \$20.0 million), net finance expense of \$117.2 million (2014 - \$30.3 million), other operating expenses of \$71.4 million (2014 - \$189.2 million) and charges related to impairment of mineral properties of \$2,595.3 million (2014 - \$752.9 million). Refer to *Note 11 Impairments* for additional details including the amount corresponding to each reportable segment.
- (ii) Canadian Malartic acquisition closed June 16, 2014.
- (iii) Gross revenues are derived from sales of gold of \$1,442.9 million (2014 - \$1,342.8 million) and to a lesser extent silver of \$139.9 million (2014 - \$186.1 million) and copper of \$337.3 million (2014 - \$384.7 million).
- (iv) Included in the aggregated other non-reporting operating segments are the exploration properties acquired in the Mega Precious transaction (*Note 6(c): Acquisition and Disposition of Mineral Interests*).

<i>Capital expenditures</i>	Chapada	El Peñón	Canadian Malartic (i)	Gualcamayo	Mercedes	Brio Gold Inc.	Corporate and other	Total
For the year ended December 31, 2015	\$ 56.3	\$ 76.0	\$ 58.2	\$ 15.8	\$ 25.0	\$ 31.4	\$ 116.1	\$ 378.8
For the year ended December 31, 2014	\$ 115.0	\$ 111.5	\$ 43.3	\$ 38.3	\$ 41.6	\$ 170.9	\$ 141.5	\$ 662.1

- (i) Excluding capital expenditures related to the acquisition of Canadian Malartic in 2014.

(c) Information about Geographical Areas

Revenues are attributed to regions based on the source location of the product sold.

<i>As at December 31,</i>	2015	2014
Canada	\$ 331.3	\$ 185.3
Mexico	104.3	137.1
Chile	518.8	654.1
Brazil	677.7	651.9
Argentina	192.8	206.7
Total revenue	\$ 1,824.9	\$ 1,835.1

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

<i>As at December 31,</i>	2015	2014
Canada	\$ 2,080.2	\$ 2,115.5
Mexico	173.7	760.5
Chile	2,054.2	3,227.7
United states	17.6	43.9
Brazil	1,780.5	1,947.7
Argentina	2,674.3	3,628.8
Total non-current assets	\$ 8,780.5	\$ 11,724.2

34. CONTRACTUAL COMMITMENTS

Construction and Service Contracts

<i>As at December 31,</i>	2015	2014
Within 1 year	\$ 361.2	\$ 470.5
Between 1 to 3 years	240.6	385.2
Between 3 to 5 years	47.3	68.9
After 5 years	0.2	1.8
	\$ 649.3	\$ 926.4

In addition, the Company arranged an irrevocable letter of credit for the amount of \$16.8 million (C\$23.2 million) in favor of the Government of Quebec as a guarantee of payment of the rehabilitation and restoration work relating to the Company's share of mining interest in Canadian Malartic. Such irrevocable letter of credit will be automatically extended for one year periods from expiration on September 15, 2016 and future expiration dates thereafter.

Operating Leases

The aggregate amount of minimum lease payments under non-cancellable operating leases are as follows:

<i>As at December 31,</i>	2015	2014
Within 1 year	\$ 4.3	\$ 6.2
Between 1 to 3 years	4.5	7.6
Between 3 to 5 years	0.1	1.8
After 5 years	—	—
	\$ 8.9	\$ 15.6

35. CONTINGENCIES

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

In December 2012, the Company received assessments from the Brazilian federal tax authorities disallowing certain deductions relating to financial instruments used to finance Brazilian operations for the years 2007 to 2010. The Company believes that these financial instruments were issued on commercial terms permitted under applicable laws and is appealing 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.

36. RELATED PARTY TRANSACTIONS

(a) Related Parties and Transactions

The Company's related parties include its subsidiaries, a joint venture in which the Company is a joint operator, associates over which it exercises significant influence, and key management personnel. During its normal course of operation, the Company enters into transactions with its related parties for goods and services.

For the years ended December 31, 2015 and 2014, there are no other related-party transactions other than those disclosed below.

(b) Compensation of Key Management Personnel

The Company considers key management personnel to be those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

For the years ended December 31,	2015	2014
Senior Leadership Team		
Salaries	\$ 7.9	\$ 12.4
Share-based payments (i)	6.6	10.2
Other benefits	1.8	1.8
	<u>\$ 16.3</u>	<u>\$ 24.4</u>
Board Directors		
Fees	\$ 1.5	\$ 1.9
Share-based payments	1.0	0.9
Other benefits	—	—
	<u>\$ 2.5</u>	<u>\$ 2.8</u>
Other Executives and Officers		
Salaries	\$ 2.8	\$ 2.4
Share-based payments	2.0	1.7
Other benefits	0.6	0.4
	<u>\$ 5.4</u>	<u>\$ 4.6</u>
Brio Gold		
Salaries	\$ 1.4	\$ 0.3
Share-based payments	4.6	0.3
Other benefits	0.1	0.1
	<u>\$ 6.1</u>	<u>\$ 0.6</u>
Total		
Salaries	\$ 13.6	\$ 17.0
Share-based payments (i)	14.2	13.1
Other benefits	2.5	2.3
	<u>\$ 30.3</u>	<u>\$ 32.3</u>

(i) Refer to Note 30: Share-Based Payments for further disclosures on share-based payments. Balances include the expense associated with the share-based payment extinguishment during the year totalling \$0.8 million, and exclude the periodic fair value adjustment (mark-to-market) on the deferred share units.

37. GUARANTOR SUBSIDIARIES FINANCIAL STATEMENTS

The obligations of the Company under the 4.95% senior debt notes due 2024 originally issued on June 30, 2014 are guaranteed by the following 100% owned subsidiaries of the Company (the “guarantor subsidiaries”): Mineração Maracá Industria e Comércio S.A., Jacobina Mineração e Comércio Ltda., Minera Meridian Limitada, Yamana Chile Rentista de Capitales Mobiliarios Limitada, Minera Meridian Minerales S. de R.L. de C.V., Yamana Argentina Holdings B.V and added in 2015, Yamana Malartic Canada Inc. (the comparative period has been restated accordingly). All guarantees by the guarantor subsidiaries are joint and several, and full and unconditional, subject to certain customary release provisions contained in the indenture (as supplemented) governing the senior debt notes. Based on the domestic regulations of jurisdictions of the subsidiaries, collection of funds in the form of dividend or loan would be subject to customary repatriation restrictions.

The following tables outline separate condensed financial information related to the issuer, and the guarantor and non-guarantor subsidiaries and as set out in the Consolidated Balance Sheets as at December 31, 2015 and December 31, 2014 and the Consolidated Statements of Operations, Consolidated Statements of Comprehensive Loss and Consolidated Statements of Cash Flows for the years ended December 31, 2015 and December 31, 2014. For the purposes of this information, the financial statements of the Company and the guarantor subsidiaries reflect investments in subsidiary companies on an equity accounting basis and are in compliance with Rule 3-10 of Regulation S-X.

CONDENSED CONSOLIDATED BALANCE SHEETS

<i>As at December 31, 2015</i>	Yamana Gold Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantors	Eliminations and Reclassifications	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 65.9	\$ 28.0	\$ 26.0	\$ —	119.9
Trade and other receivables	21.1	11.5	13.3	—	45.9
Inventories	5.2	166.1	97.1	1.6	270.0
Other financial assets	5.3	59.5	37.5	—	102.3
Other assets	1.5	70.6	21.0	—	93.1
Intercompany receivables	—	245.1	14.0	(259.1)	—
Assets held for sale	—	—	17.8	—	17.8
	99.0	580.8	226.7	(257.5)	649.0
Non-current assets:					
Property, plant and equipment	19.2	2,627.2	5,562.3	—	8,208.7
Investment in associates	5,967.8	533.9	—	(6,501.7)	—
Other financial assets	26.6	2.4	3.8	(5.5)	27.3
Deferred tax assets	40.9	13.5	35.3	(1.1)	88.6
Goodwill and intangibles	41.5	8.5	439.5	—	489.5
Other assets	—	30.1	25.3	(0.4)	55.0
Intercompany receivables	1,346.1	244.3	—	(1,590.4)	—
Total assets	\$ 7,541.1	\$ 4,040.7	\$ 6,292.9	\$(8,356.6)	9,518.1
Liabilities					
Current liabilities:					
Trade and other payables	\$ 52.8	\$ 143.7	\$ 123.6	\$(4.0)	316.1
Income taxes payable	—	24.6	2.5	—	27.1
Other financial liabilities	73.5	69.5	23.1	—	166.1
Other provisions and liabilities	—	2.7	15.4	—	18.1
Intercompany payables	186.6	11.0	168.6	(366.2)	—
Liabilities held for sale	—	—	14.7	—	14.7
	312.9	251.5	347.9	(370.2)	542.1
Non-current liabilities:					
Long-term debt	1,658.0	20.3	(1.6)	—	1,676.7
Decommissioning, restoration and similar liabilities	—	88.2	99.4	—	187.6
Deferred tax liabilities	—	285.6	1,539.8	12.4	1,837.8
Other financial liabilities	12.4	22.7	25.5	—	60.6
Other provisions and liabilities	—	29.1	319.6	—	348.7
Intercompany payables	—	2,032.0	5,014.2	(7,046.2)	—
Total liabilities	\$ 1,983.3	\$ 2,729.4	\$ 7,344.8	\$(7,404.0)	4,653.5
Equity					
Share capital					
Issued and outstanding common shares	7,618.7	—	6.7	—	7,625.4
Reserves	19.7	(1.1)	—	—	18.6
(Deficit)/retained earnings	(2,080.6)	1,312.4	(1,081.9)	(952.6)	(2,802.7)
Equity attributable to Yamana shareholders	\$ 5,557.8	\$ 1,311.3	\$(1,075.2)	\$(952.6)	4,841.3
Non-controlling interest	—	—	23.3	—	23.3
Total equity	5,557.8	1,311.3	(1,051.9)	(952.6)	4,864.6
Total liabilities and equity	\$ 7,541.1	\$ 4,040.7	\$ 6,292.9	\$(8,356.6)	9,518.1

As at December 31, 2014

	Yamana Gold Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantors	Eliminations and Reclassifications	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 121.3	\$ 36.0	\$ 33.7	\$ —	191.0
Trade and other receivables	44.1	3.0	3.9	—	51.0
Inventories	6.5	165.4	136.7	(9.1)	299.5
Other financial assets	12.2	15.1	84.5	—	111.8
Other assets	1.6	90.1	12.0	—	103.7
Intercompany receivables	—	223.6	56.3	(279.9)	—
Assets held for sale	—	—	19.5	—	19.5
	185.7	533.2	346.6	(289.0)	776.5
Non-current assets:					
Property, plant and equipment	20.6	2,654.9	8,467.0	(214.9)	10,927.6
Investment in associates	6,671.1	733.7	—	(7,338.2)	66.6
Other financial assets	9.4	3.0	36.9	(6.0)	43.3
Deferred tax assets	87.1	39.2	(13.4)	—	112.9
Goodwill and intangibles	43.6	10.2	353.9	85.5	493.2
Other assets	—	60.2	3.7	—	63.9
Intercompany receivables	2,612.1	242.3	—	(2,854.4)	—
Total assets	\$ 9,629.6	\$ 4,276.7	\$ 9,194.7	(10,617.0)\$	12,484.0
Liabilities					
Current liabilities:					
Trade and other payables	\$ 46.1	\$ 168.6	\$ 193.2	\$ —	407.9
Income taxes payable	—	24.6	0.1	—	24.7
Other financial liabilities	36.6	114.5	48.0	5.7	204.8
Other provisions and liabilities	0.1	3.5	65.8	—	69.4
Intercompany payables	229.1	8.4	135.4	(372.9)	—
Liabilities held for sale	—	—	27.1	—	27.1
	311.9	319.6	469.6	(367.2)	733.9
Non-current liabilities:					
Long-term debt	1,954.8	81.5	(10.9)	—	2,025.4
Decommissioning, restoration and similar liabilities	—	89.1	115.0	—	204.1
Deferred tax liabilities	—	194.2	2,526.5	(125.3)	2,595.4
Other financial liabilities	14.8	14.1	25.8	—	54.7
Other provisions and liabilities	—	32.1	105.6	—	137.7
Intercompany payables	—	1,173.2	6,041.4	(7,214.6)	—
Total liabilities	\$ 2,281.5	\$ 1,903.8	\$ 9,273.0	(7,707.1)\$	5,751.2
Equity					
Share capital					
Issued and outstanding common shares	7,340.5	—	6.8	—	7,347.3
Reserves	(1.8)	(0.8)	(0.3)	—	(2.9)
Retained earnings/(deficit)	9.4	2,373.7	(103.5)	(2,909.9)	(630.3)
Equity attributable to Yamana shareholders	\$ 7,348.1	\$ 2,372.9	(97.0)\$	(2,909.9)\$	6,714.1
Non-controlling interest	—	—	18.7	—	18.7
Total equity	7,348.1	2,372.9	(78.3)	(2,909.9)	6,732.8
Total liabilities and equity	\$ 9,629.6	\$ 4,276.7	\$ 9,194.7	(10,617.0)\$	12,484.0

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<i>For the year ended December 31, 2015</i>	Yamana Gold Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantors	Eliminations and Reclassifications	Consolidated
Revenue	\$ 1,786.0	\$ 1,254.3	\$ 491.4	\$ (1,706.8)	\$ 1,824.9
Cost of sales excluding depletion, depreciation and amortization	(1,784.9)	(696.8)	(342.9)	1,736.6	(1,088.0)
Gross margin	1.1	557.5	148.5	29.8	736.9
Depletion, depreciation and amortization	(7.4)	(243.1)	(291.0)	(0.4)	(541.9)
Mine operating earnings	(6.3)	314.4	(142.5)	29.4	195.0
Expenses (i)					
General and administrative	(63.5)	(22.3)	(47.4)	15.2	(118.0)
Exploration and evaluation	(1.0)	(14.1)	(8.0)	—	(23.1)
Equity loss from associate	(2,029.3)	(44.5)	(17.5)	2,073.8	(17.5)
Other expenses	(13.7)	(40.1)	(30.3)	12.7	(71.4)
Impairment of mineral properties	—	(1,103.0)	(1,492.3)	—	(2,595.3)
Operating loss	(2,113.8)	(909.6)	(1,738.0)	2,131.1	(2,630.3)
Finance income (i)	121.7	123.6	7.4	(222.7)	30.0
Finance expense	(84.2)	(128.6)	(64.6)	130.2	(147.2)
Net finance expense	37.5	(5.0)	(57.2)	(92.5)	(117.2)
Loss before taxes	(2,076.3)	(914.6)	(1,795.2)	2,038.6	(2,747.5)
Income tax (expense)/recovery	(38.5)	(146.7)	832.2	0.9	647.9
Net (loss)/earnings of continuing operation	(2,114.8)	(1,061.3)	(963.0)	2,039.5	(2,099.6)
Net loss of discontinued operation	—	—	(15.2)	—	(15.2)
Net (loss)/earnings	\$ (2,114.8)	\$ (1,061.3)	\$ (978.2)	\$ 2,039.5	\$ (2,114.8)
Total other comprehensive income	\$ 24.7	\$ —	\$ —	\$ —	\$ 24.7
Total comprehensive (loss)/income	\$ (2,090.1)	\$ (1,061.3)	\$ (978.2)	\$ 2,039.5	\$ (2,090.1)

<i>For the year ended December 31, 2014 (In thousands of United States Dollars)</i>	Yamana Gold Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantors	Eliminations and Reclassifications	Consolidated
Revenue	\$ 1,435.1	\$ 1,371.7	\$ 452.0	\$ (1,423.7)	\$ 1,835.1
Cost of sales excluding depletion, depreciation and amortization	(1,452.1)	(720.3)	(300.7)	1,427.3	(1,045.8)
Gross margin	(17.0)	651.4	151.3	3.6	789.3
Depletion, depreciation and amortization	(8.0)	(222.3)	(271.1)	(2.1)	(503.5)
Mine operating earnings	(25.0)	429.1	(119.8)	1.5	285.8
Expenses (i)					
General and administrative	(7.9)	(22.4)	(47.1)	(45.0)	(122.4)
Exploration and evaluation	(0.6)	(9.4)	(10.0)	—	(20.0)
Equity loss from associate	(1,528.9)	(33.1)	(7.1)	1,562.0	(7.1)
Other expenses/(income)	(38.7)	(27.3)	14.7	(137.9)	(189.2)
Impairment of mineral properties	—	—	(752.9)	—	(752.9)
Operating (loss)/earnings	(1,601.1)	336.9	(922.2)	1,380.6	(805.8)
Finance income (i)	262.5	73.0	21.2	(312.0)	44.7
Finance expense	(67.9)	(110.3)	—	103.2	(75.0)
Net finance expense	194.6	(37.3)	21.2	(208.8)	(30.3)
(Loss)/earnings before taxes	(1,406.5)	299.6	(901.0)	1,171.8	(836.1)
Income tax recovery/(expense)	23.4	(145.4)	(233.3)	(3.5)	(358.8)
Net (loss)/earnings of continuing operation	(1,383.1)	154.2	(1,134.3)	1,168.3	(1,194.9)
Net loss of discontinued operation	—	—	(188.2)	—	(188.2)
Net (loss)/earnings	\$ (1,383.1)	\$ 154.2	\$ (1,322.5)	\$ 1,168.3	\$ (1,383.1)
Total other comprehensive income	\$ 39.8	\$ —	\$ —	\$ —	\$ 39.8
Total comprehensive (loss)/income	\$ (1,343.3)	\$ 154.2	\$ (1,322.5)	\$ 1,168.3	\$ (1,343.3)

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>For the year ended December 31, 2015</i>	Yamana Gold Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantors	Eliminations and Reclassifications	Consolidated
Operating activities					
Loss before taxes	\$ (2,076.3)	\$ (914.6)	\$ (1,795.2)	2,038.6	\$ (2,747.5)
Adjustments to reconcile earnings before taxes to net operating cash flows:	—	—	—	—	—
Depletion, depreciation and amortization	7.4	243.1	291.0	0.4	541.9
Share-based payments	6.5	—	4.7	—	11.2
Equity loss from associate	2,029.3	44.5	17.5	(2,073.7)	17.6
Finance income	(121.7)	(123.6)	(7.4)	222.7	(30.0)
Finance expense	84.2	128.6	64.6	(130.2)	147.2
Mark-to-market on sales of concentrate and price adjustments on unsettled invoices	3.7	(0.1)	—	(5.4)	(1.8)
Mark-to-market on available-for-sale securities and other assets	—	—	(13.2)	—	(13.2)
Impairment of mineral properties	—	1,103.0	1,492.3	—	2,595.3
Other non-cash expenses	1.4	53.0	36.6	—	91.0
Deferred revenue on metal agreements	148.0	—	—	—	148.0
Decommissioning, restoration and similar liabilities paid	—	(2.4)	(1.8)	—	(4.2)
Cash distributions from associate	—	—	—	—	—
Income taxes paid	—	(80.5)	(4.3)	—	(84.8)
Cash flows from operating activities before net change in working capital	\$ 82.5	\$ 451.0	\$ 84.8	\$ 52.4	\$ 670.7
Net change in working capital	19.6	(59.1)	(92.0)	(7.3)	(138.8)
Intercompany movement in operations	(35.0)	33.6	1.3	—	—
Cash flows from/(used in) operating activities of continuing operations	\$ 67.1	\$ 425.5	\$ (5.9)	\$ 45.1	\$ 531.8
Cash flows used in operating activities of discontinued operations	\$ —	\$ —	\$ (0.6)	\$ —	\$ (0.6)
Investing activities					
Acquisition of property, plant and equipment	\$ (0.6)	\$ (245.0)	\$ (133.2)	\$ —	\$ (378.8)
Proceeds on settlement of copper contracts	14.0	—	(37.7)	—	(23.7)
Proceeds from sale of bond	—	18.6	—	—	18.6
Interest income received	0.2	0.4	0.2	—	0.8
Acquisition of investments and other assets	—	—	(6.0)	—	(6.0)
Other investing activities	—	—	(3.1)	—	(3.1)
Payments of intercompany investing activities	(1,199.3)	(107.4)	1,136.1	170.6	—
Cash flows (used in)/from investing activities of continuing operations	\$ (1,185.7)	\$ (333.4)	\$ 956.3	\$ 170.6	\$ (392.2)
Cash flows used in investing activities of discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ —
Financing activities					
Dividends paid	\$ (55.2)	\$ —	\$ —	\$ —	\$ (55.2)
Interest and other finance expenses paid	(65.8)	(16.8)	(32.0)	—	(114.6)
Proceeds from common share offering	228.2	—	—	—	228.2
Repayment of term loan and assumed debt	(650.0)	(35.4)	(3.2)	—	(688.6)
Proceeds from term loan and notes payable	425.0	—	0.6	—	425.6
Proceeds from intercompany financing activities	1,366.9	1,622.0	(2,988.9)	—	—
Repayments of intercompany financing activities	(178.5)	(1,671.0)	2,065.2	(215.7)	—
Cash flows from/(used in) financing activities of continuing operations	\$ 1,070.6	\$ (101.2)	\$ (958.3)	\$ (215.7)	\$ (204.6)
Effect of foreign exchange on non-United States Dollar denominated cash and cash equivalents	(7.4)	1.1	0.2	—	(6.1)
Decrease in cash and cash equivalents of continuing operations	\$ (55.4)	\$ (8.0)	\$ (7.7)	\$ —	\$ (71.1)
Decrease in cash and cash equivalents of discontinued operations	\$ —	\$ —	\$ (0.6)	\$ —	\$ (0.6)

Cash and cash equivalents of continuing operations, beginning of year	\$	121.3 \$	36.0 \$	33.7 \$	— \$	191.0
Cash and cash equivalents of discontinued operations, beginning of year	\$	— \$	— \$	0.6 \$	— \$	0.6
Cash and cash equivalents of continuing operations, end of year	\$	65.9 \$	28.0 \$	26.0 \$	— \$	119.9
Cash and cash equivalents of discontinued operations, end of year	\$	— \$	— \$	— \$	— \$	—

For the year ended December 31, 2014	Yamana Gold Inc. (Issuer)	Guarantor Subsidiaries	Non-Guarantors	Eliminations and Reclassifications	Consolidated
Operating activities					
Loss before taxes	\$ (1,406.5)	\$ 299.6	\$ (901.0)	\$ 1,171.8	\$ (836.1)
Adjustments to reconcile earnings before taxes to net operating cash flows:	—	—	—	—	
Depletion, depreciation and amortization	8.0	222.3	271.1	2.1	503.5
Share-based payments	5.8	—	—	—	5.8
Equity loss from associate	1,528.9	33.1	7.1	(1,562.0)	7.1
Finance income	(262.5)	(73.0)	(1.1)	291.9	(44.7)
Finance expense	67.9	110.3	(20.0)	(83.2)	75.0
Mark-to-market on sales of concentrate and price adjustments on unsettled invoices	3.8	7.9	—	—	11.7
Mark-to-market on available-for-sale securities and other assets	4.6	15.4	37.5	—	57.5
Impairment of mineral properties	—	—	752.9	—	752.9
Other non-cash expenses	2.2	21.5	86.5	—	110.2
Decommissioning, restoration and similar liabilities paid	—	(0.7)	(4.7)	—	(5.4)
Cash distributions from associate	—	—	44.2	—	44.2
Income taxes paid	(2.6)	(77.5)	(6.6)	—	(86.7)
Cash flows (used in)/from operating activities before net change in working capital	(50.4)	558.9	265.9	(179.4)	595.0
Net change in working capital	1,255.2	(22.0)	(114.6)	(1,199.7)	(81.1)
Intercompany movement in operations	176.7	237.0	(419.5)	5.8	—
Cash flows from/(used in) operating activities of continuing operations	\$ 1,381.5	\$ 773.9	\$ (268.2)	\$ (1,373.3)	513.9
Cash flows from operating activities of discontinued operations	\$ —	\$ —	\$ 15.5	\$ —	15.5
Investing activities					
Acquisition of property, plant and equipment	\$ (2.4)	\$ (326.5)	\$ (333.2)	\$ —	\$ (662.1)
Acquisition of Osisko Mining Corporation	—	(462.7)		—	(462.7)
Cash acquired from acquisition of Osisko Mining Corporation	—	59.2		—	59.2
Interest income received	—	2.1	(1.1)	—	1.0
Acquisition of investments and other assets	(2.0)	(10.4)	(71.2)	—	(83.6)
Other investing activities	—	3.0	63.6	—	66.6
Proceeds from intercompany investing activities	(370.3)	(83.3)	(870.6)	1,324.2	—
Cash flows used in investing activities of continuing operations	\$ (374.7)	\$ (818.6)	\$ (1,212.5)	\$ 1,324.2	\$ (1,081.6)
Cash flows used in investing activities of discontinued operations	\$ —	\$ —	\$ (15.2)	\$ —	\$ (15.2)
Financing activities					
Dividends paid	(142.9)	—	—	—	(142.9)
Interest and other finance expenses paid	(82.6)	(4.9)	(3.4)	—	(90.9)
Repayment of term loan and assumed debt	—	—	(520.1)	—	(520.1)
Proceeds from term loan and notes payable	754.5	41.6	497.9	—	1,294.0
Proceeds from intercompany financing activities	20.7	19.1	3,897.6	(3,937.4)	—
Repayments of intercompany financing activities	(1,538.5)	(68.5)	(2,379.5)	3,986.5	—

Cash flows (used in)/from financing activities of continuing operations	\$	(988.8)\$	(12.7)\$	1,492.5 \$	49.1 \$	540.1
Effect of foreign exchange on non-United States Dollar denominated cash and cash equivalents		—	—	(1.1)	—	(1.1)
Increase/(decrease) in cash and cash equivalents of continuing operations	\$	18.0 \$	(57.4)\$	10.7 \$	— \$	(28.7)
Increase in cash and cash equivalents of discontinued operations	\$	— \$	— \$	0.3 \$	— \$	0.3
Cash and cash equivalents of continuing operations, beginning of year	\$	103.3 \$	93.4 \$	23.0 \$	— \$	219.7
Cash and cash equivalents of discontinued operations, beginning of year	\$	— \$	— \$	0.3 \$	— \$	0.3
Cash and cash equivalents on continuing operations, end of year	\$	121.3 \$	36.0 \$	33.7 \$	— \$	191.0
Cash and cash equivalents of discontinued operations, end of year	\$	— \$	— \$	0.6 \$	— \$	0.6

38. EVENTS AFTER THE REPORTING PERIOD

On February 17, 2016, the Company's Brio Gold Division ("Brio Gold") entered into an Assignment and Assumption Agreement and a Restructuring Agreement pursuant to which it would acquire all right, title and interests in the Riachos dos Machados gold mine in Minas Gerais State from Macquarie Bank and Carpathian Gold for approximately \$51 million in total consideration, including expenses. Various external funding alternatives are being considered by the Company with respect to this transaction which would be expected to be completed by March 31, 2016.

Corporate Governance & Committees of The Board

Corporate Governance

Yamana and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that Yamana's business and affairs are effectively managed so as to enhance shareholder value.

The Company's corporate governance practices have been designed to be in compliance with applicable Canadian and United States legal requirements and best practices. The Company continues to monitor developments in Canada and the United States, with a view to keeping its governance policies and practices current.

Although, as a regulatory matter, the majority of the corporate governance listing standards of the New York Stock Exchange are not applicable to the Company, Yamana has corporate governance practices that comply with such standards.

Code of Conduct

The Board has adopted a Code of Conduct (the "Code") for its directors, officers 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

John Begeman ⁽¹⁾⁽⁴⁾

Christiane Bergevin ⁽³⁾

Alex Davidson ⁽²⁾⁽⁴⁾

Richard Graff ⁽¹⁾

Nigel Lees ⁽²⁾

Peter Marrone*
Chairman and Chief Executive Officer

Patrick Mars ⁽¹⁾⁽²⁾⁽³⁾
Lead Director

Carl Renzoni ⁽¹⁾⁽³⁾

Jane Sadowsky ⁽¹⁾

Dino Titaro ⁽²⁾⁽³⁾⁽⁴⁾

Senior Management

Peter Marrone
Chairman and Chief Executive Officer

Charles Main
Executive Vice President,
Finance and Chief Financial Officer

Darcy Marud
Executive Vice President,
Enterprise Strategy

Greg McKnight
Executive Vice President,
Business Development

Richard Campbell
Senior Vice President,
Human Resources

Gerardo Fernandez
Senior Vice President,
Southern Operations

Ross Gallinger
Senior Vice President,
Health, Safety and Sustainable
Development

Jason LeBlanc
Senior Vice President,
Finance

Barry Murphy
Senior Vice President,
Technical Services

Daniel Racine
Senior Vice President,
Northern Operations

Sofia Tsakos
Senior Vice President, General
Counsel and Corporate Secretary

William H. Wulftange
Senior Vice President, Exploration

* Non-independent Board Member

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Corporate Governance and
Nominating Committee

(4) Member of the Sustainability Committee

Shareholder Information

Share Listings

Toronto Stock Exchange: YRI
New York Stock Exchange: AUYY

Capitalization *(as at December 31, 2015)*

Common Shares (basic): 947.0 million
Restricted Share Units: 1.0
Options: 2.9 million
Warrants: 0.5 million
Common Shares (fully diluted): 951.4 million

2015 Common Share Trading Information

Stock Exchange	Ticker	Closing price	High	Low	Average Daily Volume
TSX	YRI-T	C\$2.57	C\$5.79	C\$1.89	3,341,877
NYSE	AUYY	US\$1.86	US\$4.84	US\$1.42	10,099,732

Dividends

Yamana currently pays a quarterly dividend of US \$0.005 per share

2015 Dividend Schedule		Anticipated 2016 Dividend Schedule	
Record Date	Payment Date	Record Date	Payment Date
March 31, 2015	April 14, 2015	March 31, 2016	April 14, 2016
June 30, 2015	July 14, 2015	June 30, 2016	July 14, 2016
September 30, 2015	October 14, 2015	September 30, 2016	October 14, 2016
December 31, 2015	January 14, 2016	December 30, 2016	January 13, 2017

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:

CST Trust Company
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 Office

200 Bay Street
Royal Bank Plaza, North Tower
Suite 2200
Toronto, Ontario
M5J 2J3
Phone: 416-815-0220
Fax: 416-815-0021

Annual General Meeting

Thursday, May 5, 2016

11:00 a.m. Eastern DST

Design Exchange
234 Bay Street
Toronto Dominion Centre
Toronto, Ontario, Canada

YAMANAGOLD

www.yamana.com