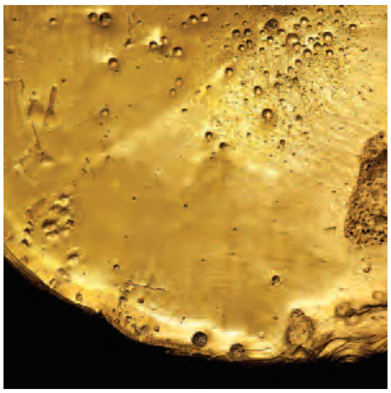






ANNUAL REPORT 2016

YAMANA GOLD

2016

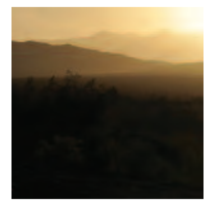
was a year of focus. We streamlined our portfolio and affirmed our commitment to balanced growth. This refined vision delivered sound results and is creating long term value for shareholders.

Sound Results 2016 Highlights

1.27

oz millions

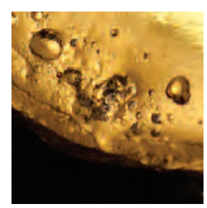
Total Gold Production



652

$ millions

Total Cash Flow

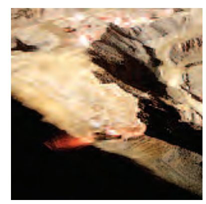



20

per cent

Reduction in Number of Lost Time Incidents



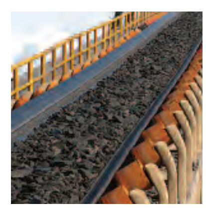




160

$ millions

Reduction in Net Debt





VISION

to be the recognized leader in precious metals mining.

Clear Vision CEO's Letter

2016 was a positive year overall for the gold mining industry and, more importantly, a year in which Yamana again achieved its objectives.

Over the course of 2016, the mood and sentiment surrounding our industry improved notably, particularly in the first half of the year. We saw our industry focus shift from cost cutting at the expense of growth and exploration spending to seeking growth and, in particular, organic growth.

More than ever, the ability to deliver high quality growth will be a key driver to create value. Clearly, not all growth is equal. Our priority is and needs to be on quality growth that increases headline production levels while managing costs, increasing margins, and increasing cash flow and, ultimately, free cash flow.

Yamana is particularly well positioned to deliver high quality, balanced growth. We have an impressive streamlined portfolio of six, soon to be seven, producing mines in four world-class mining jurisdictions. We also have numerous opportunities across our portfolio for expansions, mine life improvements and optimizations. And, we have a wealth of optionality with our other earlier stage projects and assets.

Yamana has undertaken significant programs and efforts over the past few years to become a more efficient organization with an enhanced management and a streamlined portfolio. In 2016, we furthered these efforts.

Delivering Operational Performance

Before addressing the efforts and achievements for 2016, I would first like to say that I am very pleased that Yamana continued to advance our health and safety efforts in 2016, delivering some of the best company-wide performance on this front. We reduced our total recordable injury rate and our number of lost time incidents, and, most importantly, we had zero operations related fatalities at our sites during 2016. We regret a fatality that occurred during a robbery at one of our mines last year. While the amount of gold involved in that robbery is modest, and was insured, the loss of life of anyone is very painful to family, friends, colleagues and all of us. The fatality occurred through what appears to be an inadvertent discharge of an assailant's firearm while our people fully complied with the demands of their assailants. This sort of event is very infrequent and hardly occurs at all. Equally, it is painful to us that a valuable life was lost in the incident. Yamana is committed to ensuring each and every employee and contractor can return home safely at the end of each day.

On the operational front, first and foremost, we delivered gold, silver and copper production in line with our full year expectations and guidance and at costs that were also consistent with our expectations and guidance. We have met production goals in five of the last seven years. In those years in which we did not meet our production goals, namely 2013 and 2014, we experienced delays in development stage assets which, although important, are anomalous as our operating mines for the most part have been successful at delivering according to expectations. And, we are confident looking forward that we will meet or exceed production guidance. Tactically, it is important that we continue to execute on operations in a consistent manner. This includes development stage assets. We have undertaken significant efforts in the last several years to improve our development programs which positions us well for the future. Total gold production in 2016 was 1.27 million ounces at co-product all-in sustaining cash costs of $911 per ounce. We continued to produce significant volumes of silver and copper also with 2016 silver production of 7 million ounces and copper production of 116 million pounds.

Enhancing Management

In 2016, we continued with our efforts on improving management and our organizational construct. Improving and enhancing management was an important step to future improvements to and the longevity of our Company. We enhanced our Executive Vice President structure and streamlined our reporting structure. We internally promoted one of our highest quality operations executives into the role of Chief Operating Officer. We divided the management of our assets into two divisions, each of which is managed by a Senior Vice President reporting into our Chief Operating Officer. We appointed a dedicated supply chain officer and added a senior level person for maintenance, also reporting into our Chief Operating Officer. We improved the quality of our management at each of the operations and we better aligned key performance indicators to our corporate goals and objectives, notably leading to improved mine plans. And, we completed a transition and succession plan for our Chief Financial Officer again promoting an executive from within our organization as our founding Chief Financial Officer, who had been with us since 2003, retired.

Improving Mine Plans

These management changes were undertaken as we improved mine plans for all of our mines with the objective of delivering better, more sustainable and predictable production. Yamana is not a company that is going to focus strictly on the number of ounces we produce. We are looking at sustainability of production and the balance between production and costs. This balance across production and costs will support expanding margins and increasing cash flow generation, and ultimately free cash flow generation, which we believe is how we can most effectively manage and improve our business. Improving mine plans and repositioning our mines makes us more effective and more efficient, and that includes what we had to do with El Peñón last year to make it more effective and more efficient.

Production expectations for El Peñón have been reset, but that is not the full story. The objective we set for ourselves was to establish a new production platform that is substantive, better integrates narrower vein discoveries, extends mine life, provides more time for our exploration program to make new discoveries, reduces development and exploration spending and, ultimately, minimizes the impact on free cash flow and cash generation. I am pleased to say that our plan for El Peñón does all of these things. We are confident that the value of this plan will be demonstrated over the course of 2017 and into the future. El Peñón has many years of life left and will remain a significant contributor to our portfolio.

Making Exploration Discoveries at Operating Mines

We made significant exploration discoveries in 2016 at a number of our properties, including, in particular, at Chapada, Minera Florida and Gualcamayo.

The discoveries at Chapada continue to suggest a mineral district that is far in excess of what was originally envisaged for this operation. We have discovered multiple new targets in the past few years and we are seeing mineralization along a trend that extends for more than 15 kilometres.

CLEAR VISION

2016

Tactical Priorities

- Deliver on operational expectations
- Ensure quality management suited to asset portfolio
- Develop optimal mine plans to balance life of mine, annual production and overall costs
- Demonstrate additional potential through exploration success
- Advance development stage projects on time and budget
- Deliver financial performance

At Gualcamayo, we made a number of new oxide discoveries adjacent to as well as within a few kilometres of the pit. We are developing a path to production for these discoveries with the objective of extending mine life within the context of existing infrastructure.

At Minera Florida, we consolidated regional and near mine concessions, which we expect will meaningfully contribute to Mineral Resource growth and mine life extension. Perhaps the most impressive discovery was the Las Pataguas target that is closer to the Minera Florida plant than current mine workings and is considered the most important discovery on the property in the past 10 years. We expect Las Pataguas to grow significantly during 2017.

Although our Proven and Probable Mineral Reserves increased in 2016, there is an important nuance to the nature of our exploration efforts. We go through ebbs and flows of making discoveries, then increasing Mineral Resources and finally increasing Proven and Probable Mineral Reserves. While 2016 was a year of discoveries, we believe that 2017 will be a year in which we will translate those discoveries into increases in Mineral Resources and then ultimately into Proven and Probable Mineral Reserves across most, if not all, of our operations. We expect to be able to demonstrate an increase on a mine-by-mine basis, focusing, in particular, on Minera Florida, Gualcamayo, El Peñón and Chapada. With an active exploration campaign beginning at Cerro Moro this year, now that we have underground access for drilling, and continuing with our efforts at Odyssey at Canadian Malartic, all of our operations over time will see Mineral Resources and Mineral Reserves increasing.

Advancing Development Projects

And on Cerro Moro, we continued to advance the development of this ultra high grade project while we also advanced development of the Suruca gold deposit at Chapada.

Progress at Cerro Moro continued on schedule, on budget, and according to our plan. In 2016, capital spending totaled about $55 million, with a significant ramp-up in the on-site construction activities. During 2016, we also identified an opportunity to better exploit higher silver grades without additional capital. This will result in increased upfront silver production. Gold and silver production in 2018, with the wrap-up of development in the second quarter, is expected to be approximately 80,000 ounces for gold and 4.5 million ounces for silver. In 2019, that production is expected to total approximately 130,000 ounces of gold and almost 9.9 million ounces of silver, and average all-in sustaining cash costs at Cerro Moro are expected to be well below $600 for gold and $9.00 for silver. This is going to be an impressive mine that contributes significant cash flow from a modest plant and production platform. For a relatively small mine with a throughput of approximately 1,000 tonnes per day, Cerro Moro certainly punches above its weight class.

Suruca, a gold only deposit at Chapada, is advancing to production start-up in 2019. We expect Suruca to contribute an average of approximately 40,000 ounces of gold per year to the existing production platform of gold and copper at Chapada.

We also advanced permitting of the Barnat extension at Canadian Malartic during 2016 and, subject to receiving permits as expected in mid-2017, are on track for Barnat to begin contributing to production in late-2018.

After the development of Cerro Moro and Suruca, and the extension of Barnat, we are expecting a hiatus in capital spending whereby annual expansionary capital will decline significantly to a range of $50 to $75 million. This reduction in expansionary capital will help to significantly increase Yamana's ability to generate free cash flow as we advance the technical aspect of other projects that will provide longer range organic growth.

Delivering Financial Performance

Sustaining and increasing cash flow has been a consistent theme for our Company. In 2016, we generated over $650 million in cash flow from operating activities, an increase of approximately $138 million compared to the year before. This increase reflects improvements made across our portfolio aimed at reducing costs and expanding margins.

When we look at margins, we delivered increases in gross margin and EBITDA of 8% and 19%, respectively, compared to 2015.

Ultimately we were able to turn the increase in operating cash flow into a $174 million year over year increase in free cash flow.

We supplemented increasing cash flow by various monetization initiatives that supported our corporate strategy. We completed a copper purchase transaction early in the year. We sold our Mercedes mine at the end of the third quarter, and we completed a going public event for our Brio Gold division in December.

The Brio Gold transaction was an important step to realizing value for a portfolio of Brazilian mines and a development stage project that were not fully valued within Yamana. While the going public event

CLEAR VISION

2017

Investment Attributes

A streamlined portfolio of six, soon to be seven, mines in four high quality jurisdictions

A quality management well suited to the asset portfolio

An attractive and increasing production platform

A comparatively low and decreasing cost structure

Significant exploration potential across the portfolio

Strong cash flow and free cash flow generation capabilities

A substantial portfolio of other assets

was challenged by difficult market conditions, we did succeed with the transaction, we sold down some of our position, and we will now look at how we optimize the value of the investment that we continue to have in Brio Gold.

The upshot of our financial performance is that we further strengthened our balance sheet and financial position. In 2016, we improved our balance sheet by reducing net debt by approximately $160 million. This is a continuation of a concerted effort that began at the end of 2014. Since then we have reduced net debt by approximately $370 million. Our intention is to continue with this debt reduction initiative.

Looking forward

In 2017, we expect our six mines to produce 920,000 ounces of gold, 4.7 million ounces of silver and 120 million pounds of copper. Taking into account baseline attributable gold production from Brio Gold, based on our shareholding at year end, total attributable 2017 gold production is expected to be 1.14 million ounces.

We are expecting costs to be in line with 2016 for our six producing mines with consolidated all-in sustaining cash costs for gold to be in the range of $890 to $910 per ounce.

Looking a bit further out, we expect growth in gold and silver production from within our portfolio. Gold production from our six mines plus Cerro Moro is expected to increase to 1.03 million ounces in 2018 and to 1.10 million ounces in 2019. Using that same baseline attributable production from Brio Gold, 2018 and 2019 total attributable gold production is expected to be 1.25 million ounces and 1.32 million ounces, respectively.

Silver production is expected to increase more dramatically with the addition of Cerro Moro. Total consolidated 2018 silver production is expected to be approximately 10 million ounces, increasing to approximately 14.5 million ounces in 2019. Copper production is expected to remain constant at 120 million pounds over the 2017 to 2019 period.

We are projecting costs to improve in 2018 and 2019 to below 2017 levels. Notable contributors to lower costs are expected to be Gualcamayo, El Peñón, Jacobina, Canadian Malartic, and, of course, Cerro Moro.

Operationally, this adds up to an achievable and conservative growth plan over the coming years. Combining increasing production with decreasing operating costs, plus further capital reductions as our projects come on line, results in Yamana being well positioned to deliver the balanced growth that will best deliver value to shareholders.

Concluding Thoughts

I would like to conclude by posing a question. We should ask ourselves what value should be placed on a company with the following attributes: a streamlined portfolio of six, soon to be seven, mines in four high quality jurisdictions, a quality management well suited to the asset portfolio, an attractive and increasing production platform, a comparatively low and decreasing cost structure, significant exploration potential across the portfolio, strong cash flow and free cash flow generation capabilities with expected increases to come and a substantial portfolio of other assets including a substantive investment in a standalone gold producer with a strong growth profile?

There is a very compelling value proposition that will further improve into the coming years because of the efforts we undertook in 2016 and preceding years.

We have high quality assets in production and some that are not, although all of which continue to improve. Add to this the quality of management and the improved management structure that is in place, and you have a formidable company, a company with the potential to deliver significant returns for shareholders in the years to come.

I am confident in our business prospects, in our ability to deliver on expectations and in the value intrinsic to our Company. So while 2016 was a year of impressive achievements, Yamana is positioned for even stronger results in 2017 and for many years to come.

Thank you to all Yamana employees for their hard work. At the end of the day, it is the calibre of our people and their collective efforts that allows Yamana to achieve our objectives. Thank you for your ongoing dedication and commitment to making Yamana an impressive company.

On a personal note, I would like to thank Charles Main for his many years of service and contributions to Yamana. He has now retired and before that, assisted in the transition and orderly succession to our new Chief Financial Officer. He has played an invaluable role in the development of Yamana and I wish him all the best in his retirement.

"Peter Marrone"

PETER MARRONE
Chairman and Chief Executive Officer

MISSION

to mine precious metals profitably and responsibly.






Creating Value Sustainable Development

Being a leader in precious metals mining means we must mine responsibly. To guide our efforts we have developed a vision in relation to health, safety, environment and communities (HSEC). Our vision of "One Team, One Goal: Zero" is a clear indication that creating value includes managing any potential impacts we may have on our employees, our communities and the environment.

In 2016, Yamana introduced a new HSEC vision: *One Team, One Goal: Zero.* The vision was built collaboratively across our Company in support of our new framework for sustainable development.

We are also pleased to confirm that all our operations retained their ISO14001, OHSAS18001 and International Cyanide Management Code certifications in 2016.

Some highlights from our 2016 performance are presented below, and a more fulsome discussion will available in our 2016 Sustainability Report, to be published mid-2017.

Health & Safety

Yamana had an overall improvement in its health and safety performance in 2016, with zero workplace fatalities. The overall number of lost time incidents decreased by approximately 20% in 2016 and we achieved an overall reduction in our total recordable injury rate. Our exploration teams also achieved a significant milestone in 2016, with the Chile, Argentina and Brazil teams concluding the year without incident (no injuries, no restricted work cases and no medical aids).



CREATING VALUE


Environment

The Canadian Malartic operation, which is located adjacent to the community of Malartic, continued to make significant strides in managing noise, dust and air quality since its acquisition in 2014. In 2016, only one minor noncompliance notice was registered, compared to 13 in 2015, 17 in 2014 and 27 in 2013.

Community

Yamana initiated a unique pilot project at its Jacobina property to create a *social license to operate index.* This index provides a quantitative measurement of Yamana's social license in the community, which is expected to help us improve our engagement with the local population.

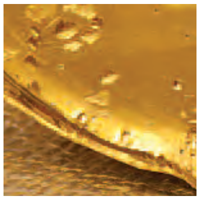
Canadian Malartic launched the *Good Neighbour Guide,* a unique and innovative approach to engaging with the community. Approximately 94% of citizens signed up for the retroactive compensation component, which reflects strong support for the ongoing collaborative approach.

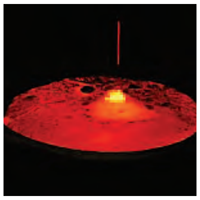
Yamana continues to make local and regional employment and procurement a strategic priority across its operations. In 2016, local employees made up 42% of our workforce, with an additional 37% coming from other areas within the regions of our operations. In total, approximately 79% of the hiring we do results in employment directly benefitting the regions in which we operate. Our use of local procurement increased to 21% from 17% the year before, while the total purchasing that stayed within country was a combined 96%.

External Recognition

Yamana's approach to HSEC management and performance was recognized by a number of organizations in 2016. For the sixth year in a row, Yamana was named to Corporate Knights Magazine's list of Best 50 Corporate Citizens in Canada. For the eighth consecutive year, we were included in Sustainalitics' Jantzi Social Index, which partners with the Dow Jones Sustainability Index to screen the top performing 50 Canadian companies from an Environment, Social and Governance perspective.

Many of our sites and country offices were also recognized individually over the course of 2016, and a full list of those efforts and programs will be available in our 2016 Sustainability Report.





Stream Lined Portfolio

Yamana has an impressive portfolio of operating mines and development projects in four favourable jurisdictions. The six, soon to be seven, producing mines are expected to deliver increasing production at decreasing costs over the coming years, as the focus is on margin expansion and generation of cash flow.






Chapada, Brazil

The Chapada open pit gold-copper mine, located northwest of Brasília in Goiás state, is a cornerstone of Yamana's portfolio that also has additional future opportunities under consideration. Chapada's low cost operations make it a significant contributor to cash flow.

Chapada produced approximately 107,000 ounces of gold and 116 million pounds of copper in 2016. Throughout the year, various initiatives were advanced aimed at reducing costs and improving operational performance, most notably through higher recoveries. Efforts to further improve recoveries are expected to be completed during 2017. In 2016, the gold only Suruca deposit continued to advance to an expected start-up of production in 2019 with annual gold production expected to average 40,000 ounces. In addition, the exploration program continues to discover new targets and expand known mineralization along a 15 kilometre trend. Chapada's district potential hints at the significant upside potential still to come.

In 2017, Chapada is expected to produce 110,000 ounces of gold, 260,000 ounces of silver, and 120 million pounds of copper.

Canadian Malartic, Canada

The open pit Canadian Malartic mine, located in the Abitibi region of Quebec, began production in 2011 and is one of Canada's largest gold mines. 2016 was a record for annual production as the mine continues to deliver on expectations and pursue operational improvements.

Canadian Malartic produced over 292,000 ounces of gold (50%-basis) in 2016. 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 2017. Permitting for the Barnat extension also advanced in 2016, including the Bureau d'audiences publiques sur l'environnement ("BAPE") making positive recommendations relating to the project. Further operational improvements will be pursued in 2017 and the Barnat extension will be advanced towards a production contribution beginning in late-2018.

In 2017, Canadian Malartic is expected to produce 300,000 ounces of gold (50%-basis).

El Peñón, Chile

El Peñón is a high grade gold-silver underground mine located approximately 160 kilometres southeast of Antofagasta in northern Chile that has been in production since 1999. Production expectations from El Peñón have been recalibrated, yet the operation is expected to remain a significant contributor to cash flow.

El Peñón produced over 220,000 ounces of gold and approximately 6 million ounces of silver in 2016. Efforts in 2016 focused on optimizing the production profile at El Peñón to better manage and integrate narrower vein discoveries, and reduce development and exploration spending. The result of these efforts is that El Peñón will remain a significant gold and silver producer with a longer mine life and a more sustainable production platform. The upshot of the new plan is that the reduction in development and exploration spending will mostly offset the impact of lower production, so El Peñón will continue to generate significant cash flow in the years to come.

In 2017, El Peñón is expected to produce 140,000 ounces of gold and 4.15 million ounces of silver.

Gualcamayo, Argentina

Gualcamayo, located in San Juan province of Argentina, is a combined open pit and underground gold mine that uses heap leach processing.

In 2016, Gualcamayo exceeded production expectations with production of over 164,000 ounces of gold. Caving was successfully achieved in the underground mine during the year and the amount of development was increased, which contributed to the strong performance during 2016. A path to potentially extending mine life at Gualcamayo has been developed as exploration made important oxide discoveries adjacent to the existing pit, as well as other discoveries within a few kilometres of existing infrastructure.

In 2017, Gualcamayo is expected to produce 145,000 ounces of gold as further optimization initiatives are pursued.






Minera Florida, Chile

Minera Florida, located south of Santiago in Central Chile, is an underground gold-silver mine that has been in operation for over 20 years.

In 2016, Minera Florida delivered gold production of over 104,000 ounces and silver production of approximately 429,000 ounces. A conceptual study to implement whole ore leaching was completed during the year and is expected to be advanced in 2017. During 2016, Yamana completed the consolidation of land surrounding the core mine area and initiated the exploration for and advancement of new discoveries on this land. In addition, construction of the Hornitos tunnel is advancing which is expected to improve transport of ore to the plant and access to the recently discovered Las Pataguas target.

In 2017, Minera Florida is expected to produce 105,000 ounces of gold and 330,000 ounces of silver.

Jacobina, Brazil

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

In 2016, Jacobina produced approximately 120,000 ounces of gold. 2016 production increased 25% over the previous year and was delivered at 12% lower cash costs. During the year, additional mining zones were opened that are expected to positively impact mill throughput going forward. The mine plan was also improved with improvements to sequencing that should result in the more efficient movement of ore. The focus at Jacobina continues to be on implementing cost saving initiatives and operational efficiency improvements. In particular, Yamana is focused on accelerating access to the higher grade areas at Jacobina.

In 2017, Jacobina is expected to produce 120,000 ounces of gold.

High Quality Cerro Moro Project

Cerro Moro is a high grade gold-silver development project located in the Santa Cruz province of Argentina.

The Cerro Moro project 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 with mechanical completion expected by the end of 2017 and initial production expected to begin in early 2018. In the first full year of production, annual production at Cerro Moro is expected to be 130,000 ounces of gold and 9.9 million ounces of silver, at

all-in sustaining cash costs per ounce for gold and silver of below $600 and $9.00, respectively

Over the course of 2016, 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. An opportunity to better exploit the high silver grades without additional capital has been identified and offers the potential to further improve the returns from this impressive project. Approximately $233 million in capital is expected to be spent over 2017 and 2018 to complete the construction and ramp-up of Cerro Moro. Looking forward, Cerro Moro offers significant opportunities for the conversion of Mineral Resources into Mineral Reserves plus the potential for further exploration discoveries on the property.

ORGANIC GROWTH

Organic Growth Exploration

Exploration will be a key driver for Yamana in the years to come and in 2016 we set the stage for Mineral Reserve growth by making new discoveries at existing operations and advancing existing exploration targets. Some 2016 highlights include:

Chapada: exploration results continue to suggest a mineral district significantly larger than originally envisaged for the operation. In 2016, exploration advanced at Sucupira, including the discovery of the Baru target immediately north and overlaying Sucupira. The oxides at the Suruca deposit continued to be developed and exploration advanced at the higher grade at surface Formiga discovery.

Canadian Malartic: a maiden Inferred Mineral Resource for the Odyssey deposit was declared. This deposit has the potential to provide optionality for enhanced production and mine life.

El Peñón: high grade, moderate width vein structures were discovered near existing infrastructure at Quebrada Colorada, Bonanza, Providencia and other principal vein structures. Exploration of high grade narrow vein structures close to existing development also advanced.

Gualcamayo: new oxide discoveries, Potenciales and Cerro Condor, are immediately adjacent to the QDD Main pit, and are expected to increase Mineral Resources and improve mine life. The Las Vacas target is 2 kilometres northwest of the QDD Main pit and remains open along strike. These new discoveries added approximately 350,000 ounces of gold to Inferred Mineral Resources in 2016.

Minera Florida: Las Pataguas is the best discovery made at the property in the past 10 years. The target is perfectly positioned for exploitation as it is closer to the plant than existing mine workings. Las Pataguas remains open in all directions and the Mineral Resource is expected to grow significantly during 2017.

Mineral Reserves *(Proven and Probable)*

Gold	Proven Mineral Reserves Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Probable Mineral Reserves Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Total Proven & Probable Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Projects									
Alumbrera (12.5%)	5,000	0.39	63	525	0.36	6	5,525	0.39	69
Canadian Malartic (50%)	25,560	0.95	785	76,274	1.13	2,764	101,834	1.08	3,548
Cerro Moro	-	-	-	1,954	11.38	715	1,954	11.38	715
Chapada	300,273	0.19	1,809	318,064	0.22	2,273	618,336	0.21	4,081
El Peñón	484	6.82	106	6,032	4.88	946	6,516	5.02	1,053
Gualcamayo	10,123	1.22	398	8,093	1.37	355	18,216	1.29	754
Jacobina	2,335	2.04	154	18,256	2.95	1,731	20,592	2.85	1,885
Jeronimo (57%)	6,350	3.91	798	2,331	3.79	284	8,681	3.88	1,082
Minera Florida Ore	845	3.66	99	2,936	3.44	324	3,781	3.49	424
Minera Florida Tailings	1,474	0.94	44	-	-	-	1,474	0.94	44
Total Minera Florida	2,319	1.93	144	2,936	3.44	324	5,255	2.77	468
Upper Beaver (50%)	-	-	-	3,996	5.43	698	3,996	5.43	698
Yamana Total Gold Mineral Reserves	**352,444**	**0.38**	**4,256**	**438,461**	**0.72**	**10,096**	**790,906**	**0.56**	**14,353**
Brio Gold Projects									
Brio Total Gold Mineral Reserves (84.6%)	**24,603**	**1.65**	**1,304**	**26,643**	**1.20**	**1,024**	**51,246**	**1.41**	**2,327**
Yamana Gold + Brio Gold Projects									
Total Gold Reserves	**377,048**	**0.46**	**5,560**	**465,104**	**0.74**	**11,120**	**842,152**	**0.62**	**16,680**
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	648.2	40,723
El Peñón	484	154.2	2,400	6,032	173.8	33,709	6,516	172.4	36,109
Minera Florida Ore	845	23.4	636	2,936	23.1	2,178	3,781	23.1	2,813
Minera Florida Tailings	1,474	13.6	645	-	-	-	1,474	13.6	645
Total Minera Florida	2,319	17.2	1,281	2,936	23.1	2,178	5,255	20.5	3,458
Yamana Total Silver Mineral Reserves	**2,803**	**40.8**	**3,681**	**10,922**	**218.2**	**76,609**	**13,725**	**182.0**	**80,290**
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%)	5,000	0.24	26	525	0.17	2.0	5,525	0.23	28
Chapada	300,273	0.26	1,745	259,194	0.26	1,503	559,466	0.26	3,248
Upper Beaver (50%)	-	-	-	3,996	0.25	22	3,996	0.25	22
Yamana Total Copper Mineral Reserves	**305,273**	**0.26**	**1,771**	**263,715**	**0.26**	**1,527**	**568,987**	**0.26**	**3,298**
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	845	2.47	46	2,936	1.09	71	3,781	1.40	117
Minera Florida Tailings	1,474	0.58	19	-	-	-	1,474	0.58	19
Total Zinc Mineral Reserves	**2,319**	**1.27**	**65**	**2,936**	**1.09**	**71**	**5,255**	**1.17**	**136**

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%)	5,000	0.004	0.39	525	0.001	0.01	5,525	0.003	0.40
Yamana Total Moly Mineral Reserves	**5,000**	**0.004**	**0.39**	**525**	**0.001**	**0.01**	**5,525**	**0.003**	**0.40**
Agua Rica	**384,871**	**0.033**	**279**	**524,055**	**0.030**	**350**	**908,926**	**0.031**	**629**

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

	Measured Mineral Resources			Indicated Mineral Resources		
Gold	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%)	5,000	0.28	46	350	0.21	2
Amalgamated Kirkland (50%)	-	-	-	634	6.51	133
Anoki-McBean (50%)	-	-	-	934	5.33	160
Arco Sul	-	-	-	-	-	-
Canadian Malartic (50%)	2,001	1.34	86	11,121	1.56	559
Cerro Moro	-	-	-	3,321	2.23	238
Chapada	28,094	0.18	162	186,816	0.29	1,727
El Peñón	557	9.83	176	2,645	5.32	452
Gualcamayo	15,933	1.63	836	30,628	2.01	1,979
Hammond Reef (50%)	82,831	0.70	1,862	21,377	0.57	388
Jacobina	13,953	2.28	1,021	19,508	2.58	1,616
Jeronimo (57%)	772	3.77	94	385	3.69	46
La Pepa	15,750	0.61	308	133,682	0.57	2,452
Lavra Velha	-	-	-	-	-	-
Minera Florida	1,320	6.07	258	3,992	5.07	651
Monument Bay	-	-	-	36,581	1.52	1,787
Suyai	-	-	-	4,700	15.00	2,286
Upper Beaver (50%)	-	-	-	1,818	3.45	202
Yamana Total Gold Mineral Resources	**166,211**	**0.91**	**4,849**	**458,492**	**1.00**	**14,678**
Brio Gold Projects						
Total Gold Mineral Resources (84.6%)	**6,644**	**2.32**	**495**	**18,766**	**1.89**	**1,138**
Yamana Gold + Brio Gold Projects						
Total Gold Resources	**172,855**	**0.96**	**5,344**	**477,258**	**1.03**	**15,816**
Agua Rica	**27,081**	**0.14**	**120**	**173,917**	**0.14**	**776**

Silver	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
Yamana Gold Projects						
Cerro Moro	-	-	-	3,321	190.3	20,313
Chapada	-	-	-	82,161	1.4	3,775
El Peñón	557	246.6	4,415	2,645	200.7	17,068
Minera Florida	1,320	42.5	1,806	3,992	28.9	3,704
Suyai	-	-	-	4,700	23.0	3,523
Yamana Total Silver Mineral Resources	**1,877**	**103.1**	**6,221**	**96,819**	**15.5**	**48,384**
Agua Rica	**27,081**	**2.4**	**2,042**	**173,917**	**2.9**	**16,158**

Totals may not add due to rounding

NOTE: Mineral Resources are exclusive of Mineral Reserves. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

	Total Measured & Indicated			Inferred Mineral Resources		
	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
	5,350	0.28	48	500	0.27	4
	634	6.51	133	1,187	5.32	203
	934	5.33	160	1,263	4.70	191
	-	-	-	5,000	4.02	646
	13,122	1.53	644	14,942	1.93	929
	3,321	2.23	238	4,427	1.96	279
	214,911	0.27	1,889	98,629	0.27	870
	3,202	6.10	628	6,372	6.90	1,413
	46,561	1.88	2,815	26,204	1.97	1,656
	104,208	0.67	2,251	251	0.72	6
	33,461	2.45	2,637	15,350	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
	5,312	5.32	909	5,882	5.35	1,012
	36,581	1.52	1,787	41,946	1.32	1,781
	4,700	15.00	2,286	900	9.90	274
	1,818	3.45	202	4,344	5.07	708
	624,704	**0.97**	**19,526**	**270,149**	**1.48**	**12,845**
	25,410	**2.00**	**1,633**	**26,632**	**2.56**	**2,194**
	650,114	**1.01**	**21,159**	**296,781**	**1.58**	**15,039**
	200,998	**0.14**	**896**	**642,110**	**0.12**	**2,444**

	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)	Tonnes (000's)	Grade (g/t)	Contained oz. (000's)
	3,321	190.3	20,313	4,427	101.3	14,415
	82,161	1.4	3,775	27,553	1.1	982
	3,202	208.7	21,484	6,372	263.7	54,025
	5,312	32.3	5,510	5,882	30.2	5,704
	4,700	23.0	3,523	900	21.0	575
	98,696	**17.2**	**54,604**	**45,134**	**52.2**	**75,701**
	200,998	**2.8**	**18,200**	**642,110**	**2.3**	**48,124**

Copper	Measured Mineral Resources Tonnes (000's)	Grade (%)	Contained lbs (mm)	Indicated Mineral Resources Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Alumbrera (12.5%)	5,000	0.28	31	350	0.23	2
Chapada	20,189	0.18	80	104,655	0.25	580
Upper Beaver (50%)	-	-	-	1,818	0.14	6
Yamana Total Copper Mineral Resources	**25,189**	**0.20**	**111**	**106,823**	**0.25**	**587**
Agua Rica	**27,081**	**0.45**	**266**	**173,917**	**0.38**	**1,447**

Zinc	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Minera Florida	1,320	2.31	67	3,992	1.62	143
Total Zinc Mineral Resources	**1,320**	**2.31**	**67**	**3,992**	**1.62**	**143**

Molybdenum	Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
Yamana Gold Projects						
Alumbrera (12.5%)	4,625	0.014	1.40	350	0.013	0.10
Yamana Total Moly Mineral Resources	**4,625**	**0.014**	**1.40**	**350**	**0.013**	**0.10**
Agua Rica	**27,081**	**0.049**	**29**	**173,917**	**0.037**	**142**

Totals may not add due to rounding

NOTE: Mineral Resources are exclusive of Mineral Reserves. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Total Measured & Indicated			Inferred Mineral Resources		
Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
5,350	0.28	33	500	0.15	2
124,844	0.24	660	71,076	0.33	514
1,818	0.14	6	4,344	0.20	19
132,012	0.24	698	75,920	0.32	535
200,998	0.39	1,713	642,110	0.34	4,853

Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
5,312	1.79	210	5,882	1.26	163
5,312	1.79	210	5,882	1.26	163

Tonnes (000's)	Grade (%)	Contained lbs (mm)	Tonnes (000's)	Grade (%)	Contained lbs (mm)
4,975	0.014	1.50	125	0.014	0.04
4,975	0.014	1.50	125	0.014	0.04
200,998	0.039	172	642,110	0.034	480

2016 Mineral Reserves and Mineral Resource Reporting Notes

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

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Projects		
Anoki-McBean (50%)	N/A	$1,200 Au, 2.5 g/t Au cut-off.
Amalgamated Kirkland (50%)	N/A	$1,200 Au, cut-off grade at 2.5 g/t Au.
Alumbrera Projects (12.5%)		
Alumbrera Deposit	$1,300 Au, $3.06 Cu. Open pit cut-off at 0.22% Cueq.	0.22% Cueq within economic envelope.
	Metallurgical recoveries are 81.93% for Cu and 70.08% for Au.	
Bajo El Durazno Deposit	$1,300 Au, $3.06 Cu. Open pit cut-off at 0.3 g/t Aueq.	0.2 g/t Aueq within economic envelope.
	Metallurgical recoveries are 59.97% for Cu and 57.88% for Au.	
Arco Sul	N/A	2.5 g/t Au cut-off.
Canadian Malartic (50%)	$1,200 Au, cut-off grades range from 0.334 to 0.374 g/t Au.	$1,200 Au, cut-off grades range from 0.33 g/t Au inside pit and 1.0 g/t Au outside or below pit.
	Metallurgical recoveries for Au range from 82% to 96.7% depending on zone.	
Cerro Moro	$950 Au and $18.00 Ag, open pit cut-off at 3.4 g/t Aueq and underground cut-off at 6.2 g/t Aueq.	1.0 g/t Aueq cut-off.
	Metallurgical recoveries are 95% for Au and 93% for Ag.	
Chapada	$1,200 Au, $2.75 Cu, $4.36 NSR cut-off (Main Pit, Corpo Sul and Cava Norte).	$1,500 Au, $3.50 Cu and $4.36 NSR cut-off out of pit for Chapada Mine.
	$900 Au; 0.2 g/t Au cut-off for oxide ore and 0.3 g/t Au cut-off for sulphide ore in Suruca Gold Project.	0.2 g/t Au cut-off for oxide and 0.3 g/t Au cut-off for sulphide in Suruca Gold Project, 0.507 g/t Aueq for Sucupira.
	Metallurgical recoveries for Cu are 83% and Au ranges from 52% to 85% dependent on zone.	
El Peñón	$1,150 Au, $18.00 Ag, Variable cut-off for underground. Reserves based on economic revenue.	3.9 g/t Aueq cut-off.
	Metallurgical recoveries for Au ranges from 82% to 97% and Ag ranges from 56% to 95% dependent on zone.	
Gualcamayo	$1,200 Au, Reserves based on economic revenue with variable cut-offs.	$1,500 Au, open pit resources based $1,500 Au, 1.00 g/t Au cut-off underground.
	Metallurgical recoveries for Au open pit ore range from 40% to 63% and 49% to 62% for Au underground ore.	
Hammond Reef (50%)	N/A	$1,400 Au, open pit cut-off 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.	0.5 g/t Au cut-off underground, 1.5 g/t Au cut-off for Pindobacu.
	Metallurgical recovery for Au is 94%.	
Jeronimo (57%)	$900 Au, 2.0 g/t Au cut-off.	2.0 g/t Au cut-off.
	Metallurgical recovery for Au is 86%.	
La Pepa	N/A	$780 Au, 0.30 g/t Au cut-off.

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

Mine	Mineral Reserves	Mineral Resources
Yamana Gold Projects		
Lavra Velha	N/A	$1300 Au, $3.5Cu and 0.2g/t Au, 0.1% Cu cut-offs.
Minera Florida	$1,200 Au, $19.00 Ag, $1.00 Zn. Reserves based on economic revenue with variable cut-offs.	2.22 g/t Aueq cut-off.
	Metallurgical recoveries are 85% for Au, 65% for Ag and 70% for Zn.	
Monument Bay	N/A	$1,200 Au , 0.4 and 0.7 g/t cut-off for open pit cut-off and 4.0 g/t Au cut-off for underground.
Suyai	N/A	5.0 g/t Au cut-off.
Upper Beaver (50%)	US$1,200 Au, US$2.75 Cu. Reserves based on NSR cut-off of C$125.00/tonne.	US$1,200 Au, US$2.75 Cu. Resources based on NSR cut-off of C$95.00/tonne.
	Metallurgical recoveries are 95% for Au and 80 to 90% for Cu.	Metallurgical recoveries are 95% for Au and 90% for Cu.
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 84.9% for Cu, 52.7% for Au, 67.6% for Ag, 65.9% for Zn and 68.0% for Mo.	
Brio Projects (84.6%)		
C1-Santa Luz	$1,250/oz gold price; cut-off grades for dacite 0.49 g/t Au, for low carbonaceous 0.63 g/t Au and for high carbonaceous 0.65 g/t Au.	$1,500 Pit 0.5 g/t Au cut-off for open pit and 1.5 g/t Au cut-off for C1 underground high grade ore.
	Metallurgical recovery of 90% for dacite ore, 81% for CARL ore and 78% for CARH ore.	
Fazenda Brasileiro	$1,200/oz gold price; 1.22g/t Au cut-off for underground and 0,5 g/t Au for open pit. A minimum mining width of 3.0 meters was used for underground design. Metallurgical recovery of 87%.	$1,500 Pit 0.4 g/t Au cut-off for open pit and 1.00 Au g/t Au for underground.
Riacho dos Machados (MRDM)	$1,250/oz gold price. cut-off grades: 0.3 g/t Au for oxide, 0.4 g/t Au for transition, and 0.4 g/t for fresh rock. Metallurgical recovery of 90%.	$1,500 Pit 0.35 g/t Au cut-off for open pit and 1.0 g/t Au underground.
Pilar	$1,200 Au; 1.24 g/t Au cut-off for Pilar and 1.01 g/t Au for Maria Lázara, 0.62 g/t Au for 3 Buracos (open pit). A minimum mining width of 1.0 m for Pilar and 1.4 m for Maria Lázara. Metallurgical recovery of 95%.	2.0 g/t Au cut-off for underground and $1,500 Pit, 0.5 g/t Au for open pit.

2016 Financial Review

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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, 2016 ("Consolidated Financial Statements").

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

- *co-product cash costs per ounce of gold produced;*
- *co-product cash costs per ounce of silver produced;*
- *co-product cash costs per pound of copper produced;*
- *all-in sustaining co-product costs per ounce of gold produced;*
- *all-in sustaining co-product costs per ounce of silver produced;*
- *all-in sustaining co-product costs per pound of copper produced;*
- *adjusted earnings or loss from continuing operations;*
- *adjusted earnings or loss per share from continuing operations;*
- *adjusted operating cash flows;*
- *net debt;*
- *net free cash flow;*
- *average realized price per ounce of gold sold;*
- *average realized price per ounce of silver sold; and*
- *average realized price per pound of copper sold.*

Definitions and reconciliations associated with the above metrics, can be found in *Section 14, Non-GAAP Measures and Additional Line Items or Subtotals in Financial Statements*.

Cautionary statements regarding forward-looking information and mineral reserves and mineral resources are included in 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 Canada, Brazil, Chile and Argentina. 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 majority 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 33: Contractual Commitments* to the Consolidated Annual Financial Statements.

2. HIGHLIGHTS

For the year ended December 31, 2016 (unless otherwise specified)

Financial

- Revenue from continuing operations of $1.79 billion, compared to $1.72 billion in the same period of 2015, broken down as follows:

For the years ended December 31,		**2016**		2015	
Revenue per ounce of gold	**$**	**1,240**	$	1,133	**9%**
Revenue per pound of copper	**$**	**1.92**	$	2.14	**(10)%**
Revenue per ounce of silver	**$**	**17.06**	$	15.74	**8%**
Average realized gold price per ounce *(i)(ii)*	**$**	**1,251**	$	1,157	**8%**
Average realized copper price per pound *(i)(ii)*	**$**	**2.24**	$	2.69	**(17)%**
Average realized silver price per ounce *(i)(ii)*	**$**	**17.04**	$	15.68	**9%**
Gold (ounces sold)		**1,188,267**		1,162,963	**2%**
Chapada payable copper contained in concentrate (millions of lbs sold)		**104.9**		126.0	**(17)%**
Silver (ounces sold)		**6,604,212**		8,517,174	**(22)%**

- Financial highlights in the Company's earnings, adjusted earnings and on a per share basis are as follows:

For the years ended December 31, *(In millions of US Dollars; unless otherwise noted)*		**2016**		2015
Net loss from continuing operations	**$**	**(290.8)**	$	(1,686.7)
Net loss per share from continuing operations - basic and diluted	**$**	**(0.31)**	$	(1.80)
Adjusted earnings/(loss) from continuing operations *(ii)*	**$**	**43.3**	$	(64.5)
Adjusted earnings/(loss) per share from continuing operations - basic and diluted *(ii)*	**$**	**0.05**	$	(0.08)

- Net loss from continuing operations reflects an after tax non-cash net impairment of mineral properties of $379.9 million.
- Other key financial highlights during the period are as follows:

For the years ended December 31, *(In millions of US Dollars)*		**2016**		2015
Mine operating losses	**$**	**(414.9)**	$	(1,267.4)
General and administrative expenses *(iii)*	**$**	**100.2**	$	110.1
Cash flows from operating activities from continuing operations	**$**	**651.9**	$	514.0
Cash flows from operating activities before net change in working capital from continuing operations *(ii)*	**$**	**626.6**	$	654.8

(i) Realized prices based on gross sales compared to market prices for metals may vary due to the timing of the sales. Refer to *Section 5.1: Overview of Financial Results* of this Management's Discussion and Analysis for the revenue reconciliation.

(ii) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements 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. Amounts reflected the results from continuing operations.

(iii) General and administrative expenses are 10% lower than the comparative period in 2015, continuing to reflect the Company's commitment to cost containment and cost reductions.

- Total debt of $1.59 billion as at December 31, 2016, compared to $1.77 billion as at December 31, 2015 and $2.06 billion as at December 31, 2014, representing a reduction of $470 million since the end of 2014. Net debt (a non-GAAP financial measure, see *Section 14*) as at December 31, 2016 of $1.50 billion, a decrease of 10%, compared to $1.65 billion as at December 31, 2015. Since 2014, the Company has been able to reduce net debt by $370 million. The Company continues pursuing net debt reduction to further strengthen and sustain a robust financial position, sourced from operating cash flows and from monetization initiatives pursued by the Company in line with the previously stated objective of debt reduction.

- Completed debt reduction and balance sheet improvement initiatives, which enhanced the Company's financial position and flexibility, as follows:
    - The Brio Gold Inc. ("Brio Gold") purchase rights offering generated proceeds of $40.7 million.
    - Sale of the Mercedes mine for $122.5 million in cash plus equity securities and NSR for an additional value of approximately $23.2 million on close of the transaction. Only cash proceeds are reflected in debt reduction levels as non-cash considerations has not yet been monetized.
    - Monetization of the share purchase warrants to purchase 15 million shares of Sandstorm Gold Ltd for proceeds of $33.6 million.
    - Early repayment of senior debt notes of $17.8 million.
    - Scheduled repayment of senior debt notes of $73.5 million.
    - Repayment of revolver debt, net of draw, of $70.0 million

Operational

- The Company exceeded consolidated production guidance for all metals, and met consolidated cost guidance. Production guidance was in the range of 1.26 to 1.33 million ounces of gold (before any adjustments for the sale of Mercedes), 6.9 million to 7.2 million ounces of silver and 110 million pounds of copper. Total production (including Mercedes for the first nine months of the year) was 1,269,015 ounces of gold, compared to 1,250,360 ounces of gold for 2015.
- Total production from continuing operations of 1,198,741 ounces of gold, compared to 1,166,223 ounces of gold in 2015. Production excluding Brio Gold of 1,009,079 ounces of gold, compared to 1,022,125 ounces of gold in 2015.
- Production increases compared to 2015 include 25% at Jacobina, 2% at Canadian Malartic and 31% at the Brio Gold mines.
- At Chapada, the gold and copper recovery rates achieved in the fourth quarter of 2016 were the highest for the year. In particular, the retrofit of the flotation circuit completed in the second quarter of 2016 continue to perform as expected with a significant improvement in recoveries.
- Consolidation of the Minera Florida mine concessions surrounding the core mine area, including Mila, Volga, Irina and others provides the Company control of the majority of the Florida mineral district. In addition to this, and with the successful results of exploration in the Pataguas zone, the mine will resume the development of the Hornitos tunnel which is a production ready exploration tunnel extending across the aforementioned recently acquired land adjacent to the core mine. The Company will pursue the development of these newly discovered zones and advancement of the engineering of the whole ore leaching project to the next stage, in order to maximize the value and upside potential of the recently consolidated grounds at Minera Florida.
- Jacobina had a strong year, with higher production and lower costs than in 2015. While 2016 was a successful year where the focus was on increased sustainable gold production, 2017 will be focused on cost saving initiatives and efficiency improvements.

- Key operational highlights by metal are as follows:

For the years ended December 31,				
Gold		**2016**	2015	
Total ounces produced from continuing operations, excluding Brio		**1,009,079**	1,022,125	**(1)%**
Total ounces produced from continuing operations		**1,198,741**	1,166,223	**3%**
Cost of sales excluding depreciation, depletion and amortization per gold ounce sold, excluding Brio	**$**	**664**	$ 645	**3%**
Cost of sales excluding depreciation, depletion and amortization ("DDA") per gold ounce sold	**$**	**677**	$ 657	**3%**
Depreciation, depletion and amortization per gold ounce sold, excluding Brio	**$**	**327**	$ 355	**(8)%**
Depreciation, depletion and amortization per gold ounce sold	**$**	**331**	$ 360	**(8)%**
Total cost of sales per gold ounce sold, excluding Brio Gold (ii)	**$**	**991**	$ 1,000	**(1)%**
Total cost of sales per gold ounce sold *(ii)*	**$**	**1,008**	$ 1,018	**(1)%**
Co-product cash costs per gold ounce produced, excluding Brio Gold *(i)*	**$**	**650**	$ 644	**1%**
Co-product cash costs per gold ounce produced *(i)*	**$**	**665**	$ 653	**2%**
All-in sustaining co-product costs per gold ounce produced, excluding Brio Gold *(i)*	**$**	**897**	$ 846	**6%**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$**	**911**	$ 855	**7%**
Silver				
Total ounces produced		**6,709,250**	8,628,341	**(22)%**
Cost of sales excluding depreciation, depletion and amortization per silver ounce sold	**$**	**9.07**	$ 8.54	**6%**
Depreciation, depletion and amortization per silver ounce sold	**$**	**4.72**	$ 5.59	**(16)%**
Total cost of sales per silver ounce sold *(ii)*	**$**	**13.79**	$ 14.13	**(2)%**
Co-product cash costs per silver ounce produced *(i)*	**$**	**8.96**	$ 8.40	**7%**
All-in sustaining co-product costs per silver ounce produced *(i)*	**$**	**12.65**	$ 11.51	**10%**
Copper				
Chapada copper contained in concentrate production (millions of lbs)		**115.5**	131.0	**(12)%**
Cost of sales excluding depreciation, depletion and amortization per copper pound sold	**$**	**1.57**	$ 1.41	**11%**
Depreciation, depletion and amortization per copper pound sold	**$**	**0.36**	$ 0.29	**24%**
Total cost of sales per copper pound sold *(ii)*	**$**	**1.93**	$ 1.71	**13%**
Chapada co-product cash costs per copper pound produced *(i)*	**$**	**1.58**	$ 1.47	**7%**
Chapada all-in sustaining co-product costs per copper pound produced *(i)*	**$**	**2.03**	$ 1.77	**15%**

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements 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. Amounts reflected the results from continuing operations.

(ii) Total cost of sales consists of the sum of cost of sales excluding DDA plus DDA.

- Total production from continuing operations of 1.20 million ounces of gold in line with expectations.
- Annual gold production from continuing operations 3% higher than 2015 with individual mine highlights as follows:
    - Record production from Canadian Malartic of 292,514 ounces of gold.
    - Production from Jacobina of 120,478 ounces of gold, representing a 25% increase in production over 2015.
    - Production from the Brio Gold mines of 188,765 ounces of gold with production from the new Riacho Dos Machados mine ("RDM"), representing a 31% increase in production over 2015.
- Total cost of sales per gold ounce sold of $991 per gold ounce sold, excluding Brio Gold, and $1,008 per gold ounce sold, including Brio Gold.
- Cash costs*(i)* of $650 per ounce of gold produced on a co-product basis, excluding Brio Gold, and $665 per ounce of gold on a co-product basis, including Brio Gold.
- All-in sustaining costs*(i)* ("AISC") of $897 per ounce of gold produced on a co-product basis, excluding Brio Gold, and $911 per ounce of gold on a co-product basis, including Brio Gold.
- Silver production of 6.7 million ounces at total cost of sales per silver ounce sold of $13.79, co-product cash costs*(i)* of $8.96 per ounce produced and AISC*(i)* of $12.65 per ounce produced on a co-product basis.

- Copper production from Chapada of 115.5 million pounds at total cost of sales per copper pound sold of $1.93, co-product cash costs(i) of $1.58 per pound of copper produced, and AISC(i) of $2.03 per pound produced on a co-product basis.

Strategic Developments and Updates

- On December 23, 2016, the Company completed the purchase rights offering related to the sale of its shares in Brio Gold, which entitled Yamana shareholders to receive purchase rights, allowing them on exercise of such rights to acquire shares of Brio Gold. A total of 17.3 million Brio Gold Shares owned by the Company were transferred pursuant to the transactions at a price of C$3.25 per Brio Gold Share for aggregate proceeds of $40.7 million (C$54.1 million) to the Company. As a result of the completion of these transactions, Brio Gold is now a standalone public company. Yamana continues to be a significant shareholder of Brio Gold, holding approximately 85% of the issued and outstanding Brio Gold Shares.

- In September 2016, the Company completed the sale of its Mercedes mine to Premier Gold Mines Limited. The sale proceeds for the transaction includes $122.5 million in cash, and additional value attributed to shares, warrants and a net smelter return royalty for a total value of approximately $23.2 million on close of the transaction. Furthermore, there was additional cash consideration received from the transaction by means of VAT recoveries in excess of $15.5 million gross, or $12.4 million net of tax on proceeds.

- At Chapada, after improvements in gold and copper recovery rates in the fourth quarter, which were the highest for the year, the Company continued to pursue efforts to further improve operational performance, with targets to increase throughput with minimal capital expenditures, in addition to the implementation of cost improvement initiatives. In particular, the retrofit of the flotation circuit, which was completed in the second quarter of 2016, continued to perform as expected with significant improvement on recovery. The processing optimization undertaken during the fourth quarter is showing good results supporting additional recovery increases and stability in mill throughput. The project is expected to be completed during the first quarter of 2017 with the commissioning of a fully integrated processing control system.

- At Minera Florida, with the consolidation of the mine concessions surrounding the core mine area, totalling over 3,100 hectares, the Company acquired the new ground immediately adjacent to the Agua Fria concessions as it believes the land contains Florida-like mineralization and is highly prospective. Several improvement opportunities will continue to be developed into 2017 including the advancement of a whole ore leach project aimed to significantly increase recoveries and the improvement of the crushing and grinding circuits. In addition to this and given the successful results of exploration in the Pataguas zone and the planned resumption of the development of the Hornitos tunnel , the Company will pursue the development of these newly discovered zones and advancement of the engineering of the whole ore leaching project to the next stage, in order to maximize the value and upside potential of the recently consolidated grounds at Minera Florida.

- At the El Peñón mine, the Company has recently completed a plan aimed at delivering a sustainable, longer term optimal production level, taking into account existing mineral reserves, conversion of mineral resources, current production levels and the recent narrow vein discoveries. Considerable amounts were spent on exploration and development at the mine and near mine and, among the objectives of revised mine plan initiatives, the Company sought to determine how to leverage such expenditures on exploration and development per year, allowing maximization of cash flow. The Company believes this approach is conducive to sustainable production over a longer period. The outcome of the evaluation envisages a mine with a production expectation of 140,000 ounces of gold and 4,150,000 ounces of silver, per year beginning in 2017.

- At Canadian Malartic, the Company has published its maiden inferred mineral resource at Odyssey with 714,000 ounces of gold contained in 10 million tonnes of ore at 2.15 g/t gold, calculated at a cut-off grade of 1.0 g/t of gold.

- The Company will continue pursuing internal initiatives to surface value from dormant assets including Agua Rica, Jeronimo, La Pepa, Suyai and Don Sixto, all of which have well-defined delineated mineral reserves and/or mineral resources.

Construction and Development

- Construction and development of Cerro Moro, a high-grade gold and silver deposit, is in progress with production planned to commence in early 2018. The updated mine plan shows partial production in 2018 of gold and silver at feed grades of 11 g/t, and 650 g/t respectively, and reflects the impact of the 3-month ramp-up during Q2 2018. The 2019 gold production is estimated to be approximately 130,000 ounces at an average feed grade of 11 g/t, and the silver production to be approximately 9,900,000 ounces at an average feed grade of 920 g/t. The average AISC for the period from 2018 to 2019 is expected to be below $600 per ounce of gold produced and below $9.00 per ounce of silver produced, with co-product cash costs for the same period expected to be below $500 per ounce of gold produced and below $7.50 per ounce of silver produced. Bringing forward metal production into the two first years of operation has resulted in a marginal drop-off in average metal production over the remaining mine life which is anticipated to be recovered through further optimization initiatives and a targeted expansion of the mineral reserves from an increased exploration drilling campaign.
    - During the last quarter of 2016, an opportunity was identified to better exploit the very high silver grades at the project (average LOM silver grade of approximately 540g/t). This was achieved through the relaxation of the maximum silver feed grade to the processing plant following a minor change in operating practices and without incurring additional capital.
    - Underground mine development of 617 metres was completed in 2016, and the 2017 work-plan includes an increase in the rate of underground mining such that during the last quarter of the year ore will be mined to feed the stockpile ahead of the plant start-up in the first quarter of 2018.
    - Ramp-up of site construction continued ahead of schedule with bulk earthworks being completed and over 40% of the concrete work having been completed in 2016.
    - Consistent with the baseline plan, detailed engineering progress advanced slightly beyond the target of 85% completion by the end of the year. This advanced level of engineering design completion prior to the start of large scale construction activities in early 2017 serves to de-risk the project schedule and increase the confidence in the total project cost.
    - Contracts for structural steel erection, mechanical erection, and tailings dam construction have been awarded which will allow mobilization to take place in the first quarter of 2017 as planned.
    - Procurement progress is also tracking according to plan with a total of $145 million of the $314 million initial capital committed to date, representing 46% of the total anticipated spend all within the expected budget.
    - The Cerro Moro management and operations team will be recruited and trained during the course of 2017.
    - Mechanical completion of the process plant and mine infrastructure is scheduled for the fourth quarter of 2017 in preparation for the start of commissioning in early 2018.

- At Canadian Malartic, following the Quebec Bureau des Audiences Publiques sur l'Environnement ("BAPE") public hearings in June and July 2016, permitting of the Barnat Extension and Highway 117 deviation reached an important milestone with the issue of the BAPE report on October 5, 2016. The report concluded that the project is acceptable and provided several recommendations to improve environmental impact on citizens and enhance social acceptability. Since the filing of the BAPE report, the Ministre du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques ("MDDLECC") has been drafting an environmental analysis report and recommendation, which it will submit to the provincial Cabinet for approval. No firm date for the approval has been set but the Partnership anticipates that this may occur in the first half of 2017.

Exploration

- **El Peñón, Chile** - The Company has successfully developed narrow-vein mining techniques during the third and fourth quarters of 2016 that will allow for economic extraction of many of the narrower yet high-grade intervals being generated through careful and well-planned exploration of the core mine vein systems. One area of promising success was the identification of existing high-grade moderate-width intercepts beneath the Quebrada Colorada and Providencia structures that are open to depth and along strike. During the late and fourth quarter of 2016, similar high-grade extensions were identified on the northern extents of the Bonanza system as well.

- **Chapada, Brazil** - Drilling has focused on the Formiga target located 15 kilometres northeast of the mine and the Suruca NE target, 11 kilometres northeast of the mine. At Formiga, the Company is targeting copper-gold mineralization that occurs within similar meta-diorite and meta-sedimentary sequences found at the Chapada complex.
- **Gualcamayo, Argentina** - Results for Cerro Condor, Potenciales and Las Vacas near surface continue to support mineral resource growth of these near mine target areas. The district mapping and sampling program collected 2,699 samples during 2016. These results will be compiled along with geophysical and remote sensing data to identify and rank targets for additional ground work and eventual drill programs in 2017 and 2018. An updated mineral resource and mineral reserve calculation from the new discoveries will be completed in the first quarter of 2017.
- **Minera Florida, Chile** - The aforementioned consolidation of land gives the Company control of the majority of the Florida mineral district and provides access to previously unexplored ground immediately south and southeast of the productive mine area where geologists worked during the quarter to map, sample and identify targets for drill testing. The Las Pataguas target developed near the core mine deposits as part of the district exploration program was drill tested mid-quarter and returned very encouraging results. The first hole in the Las Pataguas target returned 16 metres of 7.77 g/t Au including 6.6 metres of 13.4 g/t. Follow-up drill testing is on-going and expected to confirm and extend this new target. Geologists are continuing to map, sample and identify further targets for drill testing in 2017. A detailed exploration update has been provided in the previously issued press release on February 14, 2017.
- **Cerro Moro, Argentina** - A substantial infill drilling program was conducted in 2016 to confirm previously determined indicated mineral resources with tighter spaced drilling. The infill program was successful in confirming those mineral resources and has the impact of de-risking the project and the startup risk of the mine. The fourth quarter program focused on infill drilling at Zoe and exploration drilling at the Tres Lomas target, 2 kilometres to the south of Zoe. Results to date are positive, and are expected to lead to the addition to mineral resource ounces at Zoe, Escondida Far West, West and Central, and at the Gabriela deposit in the future. Drilling results show that several ore shoots in the Escondida and Zoe systems remain open to depth providing areas to test in 2017 and beyond, to provide further mineral resource and future mineral reserve growth opportunities.
- **Canadian Malartic Properties, Canada** -
    - Odyssey - Drilling continued to focus on mineral resource upgrade of the North and South mineral bodies and added a program to specifically test the proposed north to south trending higher grade cross structures, which resulted in the inferred mineral resource classification.
    - Kirkland Lake - The updated Amalgamated Kirkland geologic and mineral models have identified opportunities for growth both along strike and down dip of the currently identified mineral bodies.
    - Pandora - Encouraging results from the underground program received during November supported drilling of two additional holes during December to establish mineral continuity.
- **Monument Bay, Canada** - The summer drill program focused on the central portions of the Twin Lakes deposit with the objective of defining and extending the high-grade mineral bodies and conversion of uncategorized mineral bodies. Assay results for both objectives are in line with expectations, establishing continuity to the high-grade mineral shoots and providing important data to model the bulk lower-grade zones that envelop the high-grade shoots.

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements is included in *Section 14* of this Management's Discussion and Analysis.

3. OUTLOOK AND STRATEGY

Over the years, the Company has grown through alternating phases of strategic acquisitions to upgrade its portfolio and pursuing organic growth within its portfolio to increase production and cash flow. The Company is currently in an organic growth phase, whereby it is focusing on the numerous internal opportunities under evaluation.

The key operational objectives in the next two years include:

- Focus on operational execution including advancing near-term and ongoing optimizations at Yamana's six producing mines;
- Advance Cerro Moro to production in early 2018;

- Advance the Company's organic pipeline through exploration targeted on the most prospective properties, including
    - The significant potential at Minera Florida, Chapada and Gualcamayo as a result of new discoveries at site, and
    - Further delineation and infill drilling at Minera Florida, Gualcamayo, Chapada, and Jacobina with the objective to increase mine life and, in the case of Chapada, Minera Florida and Jacobina, to deliver potential production increases;
- Improve the efficiency of mining narrower veins at El Peñón while advancing exploration of ore bodies with wider veins and higher grades; and
- Evaluate monetization initiatives, which may include dormant assets or other optionality within the portfolio, to further strengthen the Company's balance sheet.

The key operational objectives in the next five years include:

- Focus on operational execution and advancing medium-term optimization and possible expansion opportunities at Yamana's producing mines;
- Mature the most prospective exploration discoveries and projects for inclusion in and/or upgrading of mineral reserve and mineral resource status;
- Advance such exploration discoveries or projects to a construction decision and/or production contribution, in particular
    - Bring one prospective property, potentially Agua de la Falda or one or more deposits at Kirkland Lake, to a development stage; and
- Re-evaluate portfolio of producing mines and projects to consider possible upgrades.

Consistent with the above objectives, the Company foresees a hiatus in significant expansionary capital spending after the completion of Cerro Moro and the Barnat extension at Canadian Malartic in late 2018. Given the technical nature of the projects in Yamana's pipeline, the Company is not expecting to begin development of any major projects in the next five years. With the expected reduction in capital spending and increase in production over the guidance period, the Company expects to generate significant increases in cash flow and free cash flow beginning in 2018.

Yamana remains a growth focused company and, in particular, is focused on incremental growth from existing producing mines or from the prudent development of high quality projects. The objective is to have a manageable number of mines in a select number of jurisdictions. More specifically, the Company has established an optimal portfolio size of between six and ten producing mines, all in jurisdictions where Yamana currently operates. By focusing on disciplined growth in Canada, Brazil, Chile and Argentina, the Company is better able to lever existing infrastructure and jurisdictional expertise.

Further, the Company is targeting mines that have the potential to produce at least 130,000 ounces of gold per year (approximately 10% of total attributable metal production on a gold equivalent basis), and this will be a key criterion for evaluating any mine or project in future years. The Company has not set a specific long term objective for consolidated gold production as it continues to believe that prudent growth, which balances increasing production and decreasing costs, is a better driver to create value.

Yamana predominantly produces gold. However, it also produces a significant level of silver and copper. While copper production is expected to be relatively consistent over the guidance period, silver production is expected to increase significantly. The production of silver and copper reflects a greater scale to the Company's operations and potential to generate cash flow than is suggested by headline gold production taken on its own. The Company envisages an increase in the relative percentage of precious metals production as part of its plan to increase cash flow while continuing to benefit from steady state non-precious metals production.

The Company's ownership of Brio Gold is held for investment purposes. Yamana believes there is considerable value yet to be surfaced from this portfolio of assets and that this value will be better realized with Brio Gold operating as a standalone public company. Yamana takes a long-term view of its ownership of Brio Gold; however, the Company will evaluate various monetization opportunities for its holding from time to time. Brio Gold offers a compelling growth opportunity with a portfolio of three producing mines with expected increasing production and one development project that could add significantly to the production platform.

2017 - 2019 Production Guidance

Gold production is expected to increase in the guidance period in each of 2018 and 2019 mostly as a result of increases in production at Chapada (with the addition of production from Suruca in 2019), at Canadian Malartic, and with new production from Cerro Moro. Silver production is expected to increase more significantly, in percentage terms, than gold production almost entirely as a result of the ramp up of Cerro Moro production. Copper production, all of which is from Chapada, is expected to remain constant throughout the guidance period.

The Company concentrates its efforts on six producing mines which beginning in early 2018 will increase to seven with the start of production from Cerro Moro. The following table presents mine by mine production expectations for 2017.

Production Expectation by Mine	Gold (ounces)		Silver (ounces)	
	2016 Actual	2017 Guidance	2016 Actual	2017 Guidance
Chapada	107,301	110,000	259,444	260,000
El Peñón	220,209	140,000	6,020,758	4,150,000
Canadian Malartic (50%)	292,514	300,000	—	—
Gualcamayo	164,265	145,000	—	—
Minera Florida	104,312	105,000	429,048	330,000
Jacobina	120,478	120,000	—	—

The following table presents the Company's total production expectations for its mines for 2017, 2018 and 2019.

	2016 Actual	**2017 Guidance**	**2018 Guidance**	**2019 Guidance**
Total Gold Production (ounces)	1,009,079	**920,000**	**1,030,000**	**1,100,000**
Total Silver Production (ounces)	6,709,250	**4,740,000**	**10,000,000**	**14,500,000**
Total Copper Production (lbs.) - Chapada	115,548,437	**120,000,000**	**120,000,000**	**120,000,000**

The Company expects that certain mines, based on historical performance and potential, may achieve higher levels of production that would increase the overall production level. Total gold production as shown in the table below includes attributable production from Brio Gold based on their production guidance, and assuming Yamana's 84.6% ownership of Brio Gold remains unchanged for the guidance period. Potential production increases from the commissioning of C1 Santa Luz have not been included in these expectations.

The following table presents the Company's total attributable production expectations for 2017, 2018 and 2019.

	2016 Actual	**2017 Guidance**	**2018 Guidance**	**2019 Guidance**
Total Gold Production (ounces)	1,198,741	**1,140,000**	**1,250,000**	**1,320,000**

For comparison purposes, 2016 total production in the table above excludes 70,274 ounces of gold and 326,876 ounces of silver from Mercedes, the sale of which closed on September 30, 2016. Total 2016 production including Mercedes was 1,269,015 ounces of gold and 7,036,126 ounces of silver. Production of all metals in 2016 met or exceeded guidance expectations (refer to the Company's press release issued on January 11, 2017 for information comparing 2016 production to guidance expectations).

With improvements in productivity and/or increasing grades at several operations, most notably El Peñón, Chapada, Jacobina, Canadian Malartic and Cerro Moro, the Company's costs are expected to decrease from 2017 levels into 2018 and 2019. Over this period, Yamana expects significant increases in cash flow overall driven by increases in production and improvements in costs with disproportionate cost improvements coming from El Peñón, Canadian Malartic, Chapada and Cerro Moro, the Company's most significant cash flow contributing assets.

Costs should improve throughout the guidance period as recent oxide discoveries are developed and as the costs related to underground sub-level stoping improve after initial one-time upfront costs.

The Company refers to an announcement made on February 14, 2017 which provided an exploration update relating to significant discoveries at its Minera Florida, Gualcamayo, El Peñón and Chapada mines. These discoveries will be evaluated this year to determine further contributions to mineral resources and mineral reserves, and possible increases in production. Production in the guidance period does not include possible further production contributions from these discoveries.

Among other efforts this year, Yamana will evaluate generative opportunities in its portfolio mostly related to advancing exploration assets in its Kirkland Lake camp and to dormant assets such as La Pepa, Suyai and Jeronimo.

Agua de la Falda which is a joint venture ("JV") with CODELCO and covers a broader area that includes Jeronimo, provides exceptional gold and copper exploration opportunities which will be evaluated this year. Yamana and its partner have been evaluating the possibility of re-processing historical heaps and other known near to surface oxide ore through the existing plant and facilities on site at Agua de la Falda, which could provide medium term production opportunities with minimum investment and serve as a platform for further increase in value of the JV. Subject to further detailed review, preliminary production estimates from this initiative are upwards of 40,000 ounces of gold per year for an initial five years. This could more than fund all exploration and possible development efforts at Agua de la Falda.

In respect of El Peñón, as previously indicated, the Company has reflected on the impact of new narrower vein discoveries and more recent discoveries of extensions of larger, higher grade ore bodies. In light of this, and given the already long life of El Peñón, which began producing in 1999, a more deliberate and reflective approach has been taken at El Peñón in relation to production. The objective has been to create a steady state operation with a more achievable production platform that is less dependent on very high levels of exploration and development spending. Exploration and development spending per year has been reduced significantly with a corresponding decrease in work force.

The following table compares exploration and development spending at El Peñón for 2016 and estimated amounts for 2017. A more complete description of the exploration strategy for El Peñón is provided in the previously referred to exploration update announcement.

(In millions of US Dollars)	2016 Actual	**2017 Estimated**
Exploration	$30	**$14**
Development	$60	**$35**

Overall, the objective has been to allow El Peñón to contribute meaningful levels of gold and silver production over a longer period, and to remain a very significant cash flow contributing mine. The revised plan for El Peñón establishes a platform that is more sustainable and that will deliver more consistent production going forward.

2017 Cost Guidance

The following table presents consolidated cost expectations for 2017:

2016 Actuals, excluding Brio	Gold	Silver	Copper (Chapada)
Consolidated total cost of sales per ounce or pound sold	$991	$13.79	$1.92
Consolidated co-product cash costs per ounce or pound produced *(i)*	$650	$8.96	$1.58
Consolidated co-product AISC per ounce or pound produced *(i)*	$897	$12.65	$2.03
2017 Guidance, excluding Brio			
Consolidated total cost of sales per ounce or pound sold	**$945 - $965**	**$14.20**	**$1.70**
Consolidated co-product cash costs per ounce or pound produced *(i)*	**$665 - $675**	**$10.55**	**$1.60**
Consolidated co-product AISC costs per ounce or pound produced *(i)*	**$890 - $910**	**$14.30**	**$2.00**

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements is included in *Section 14* of this Management's Discussion and Analysis.

The following table presents cost of sales, cash costs and AISC guidance by mine for gold and silver for 2017:

	Total cost of sales per ounce sold		Co-product cash costs per ounce produced *(i)*		Co-product AISC per ounce produced *(i)*	
	2016 Actual	**2017E**	2016 Actual	**2017E**	2016 Actual	**2017E**
Gold						
Chapada	$ 489	**$ 395**	$ 359	**$ 340**	$ 478	**$ 445**
El Peñón	$ 1,019	**$ 985**	$ 678	**$ 740**	$ 893	**$ 915**
Canadian Malartic (50%)	$ 1,025	**$ 945**	$ 606	**$ 560**	$ 795	**$ 730**
Gualcamayo	$ 1,038	**$ 1,240**	$ 796	**$ 960**	$ 847	**$ 1,010**
Minera Florida	$ 1,046	**$ 1,040**	$ 735	**$ 705**	$ 955	**$ 935**
Jacobina	$ 1,072	**$ 1,035**	$ 692	**$ 785**	$ 988	**$ 985**
Silver						
Chapada	$ 7.05	**$ 4.00**	$ 3.20	**$ 3.20**	$ 4.20	**$ 4.10**
El Peñón	$ 13.84	**$ 14.60**	$ 9.14	**$ 11.00**	$ 12.04	**$ 13.60**
Minera Florida	$ 13.81	**$ 15.45**	$ 9.90	**$ 10.60**	$ 12.73	**$ 13.90**

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements is included in *Section 14* of this Management's Discussion and Analysis.

The following table presents other consolidated expenditure expectations, excluding any attribution from Brio Gold:

(In millions of US Dollars)	2016 Sustaining Capital Actual	2017 Sustaining Capital Guidance	2016 Total Exploration Actual	2017 Total Exploration Guidance
Chapada	$61	**$58**	$5	**$8**
El Peñón	$60	**$35**	$30	**$14**
Canadian Malartic (50%)	$51	**$51**	$8	**$11**
Gualcamayo	$7	**$7**	$12	**$8**
Minera Florida	$23	**$24**	$7	**$10**
Jacobina	$35	**$23**	$5	**$6**
Cerro Moro	$—	**$—**	$5	**$8**
Other	$5	**$6**	$12	**$12**
Total	$242	**$204**	$84	**$77**

The Company expects approximately 75% of exploration expenditures will be capitalized in 2017. For 2017, there is an additional discretionary exploration and generative exploration budget of approximately $21 million that is available and expected to be allocated based on results at the Company's various mines and assets. This would bring spending on exploration to $98 million for 2017.

The following table presents other consolidated expenditure expectations for 2017, excluding any attribution from Brio Gold:

(In millions of US Dollars, unless otherwise noted)	**2016 Actual**	**2017E**
Total sustaining capital	$242	**$204**
Total expansionary capital	$117	**$270**
Total exploration (capitalized and expensed)	$84	**$98**
Total depreciation, depletion and amortization ("DDA")	$395	**$339**
Total general and administrative expenses ("G&A")	$86	**$91**
Cash based G&A	$82	**$82**
Stock-based G&A	$4	**$9**

The preceding cost expectations relate to the Company's mines and exclude any attribution from Yamana's interest in Brio Gold.

A significant portion of the expansionary capital budgets for 2017 and 2018 relates to Cerro Moro which, as previously noted, will begin operations in 2018, and to the Barnat extension at Canadian Malartic which will also begin to contribute to production in late-2018. Yamana's expansionary capital will decline significantly after completion of Cerro Moro and the Barnat extension beginning in late-2018.

In 2016, expansionary capital not including Cerro Moro was $58 million. Going forward, by 2019 as these projects are completed, Yamana expects its annual expansionary capital to decline significantly for several years to levels in the range of $50 to $75 million, absent any new projects moving into the development stage.

In early 2016, the Company stated the objective of reducing debt by at least $300 million between 2016 and 2017. Over the course of 2016, the Company reduced its net debt by approximately $160 million through various initiatives, including a going public event for Brio Gold, the sale of its Mercedes mine, the monetization of share purchase warrants of Sandstorm Gold Ltd., the early repayment of senior debt notes, the scheduled repayment of senior debt notes and a net repayment on its revolving credit facility. Only cash proceeds are reflected in debt reduction levels as non-cash consideration raised through the sale of Mercedes has not been monetized. As a longer term objective, the Company continues to target a Net Debt/EBITDA ratio of 1.5 or better, which it believes to be consistent with its prudent financial policy and planning.

Key 2017 foreign exchange rate assumptions, in relation to the above guidance, are presented in the table below.

	2016 Actual	**2017 Assumptions**	Spot (As of February 15, 2017 from *Bloomberg*)
Canadian Dollar/US Dollar	1.32	**1.32**	**1.31**
Brazilian Reais/US Dollar	3.48	**3.25**	**3.10**
Argentinean Peso/US Dollar	14.77	**16.50**	**15.40**
Chilean Peso/US Dollar	675.95	**675.00**	**640.00**

As at December 31, 2016 the Company had zero-cost collar contracts totaling 170.0 million Reais equally split by month covering January 2017 to April 2017 with Brazilian Real to United States Dollar average call and put strikes of 3.40 and 4.13, respectively. In October 2016, the Company entered into zero-cost collar contracts totaling 400.0 million Reais with Brazilian Real to United States Dollar average call and put strike prices of 3.25 and 3.79 respectively, allowing the Company to participate in exchange rate movements between those two strikes. These contracts are evenly split by month covering May 2017 to December 2017. All contracts have been designated against forecast Reais denominated expenditures as a hedge against the variability of the United States Dollar amount of those expenditures caused by changes in the currency exchange rates.

The following table provides a summary of Net Free Cash Flow (*a non-GAAP financial measure, see Section 14*) during the period:

	For the three months ended December 31,		For the years ended December 31,	
(In millions of US Dollars)	**2016**	2015	**2016**	2015
Cash flows from operating activities of continuing operations	**$ 163.0**	$ 296.9	**$ 651.9**	$ 514.0
Less: Advance payments on metal purchase agreement	**—**	(148.0)	**(64.0)**	(148.0)
Less: Non-discretionary items related to the current period				
Sustaining capital expenditures	**(77.7)**	(53.7)	**(280.5)**	(214.0)
Interest and finance expenses paid	**(30.1)**	(38.5)	**(96.2)**	(114.6)
Net free cash flow *(i)*	**$ 55.2**	$ 56.7	**$ 211.2**	$ 37.4

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements 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.

Cash flows from operating activities from continuing operations for the three months ended December 31, 2016 were $163.0 million. For the same quarter of 2015, cash flows from operating activities from continuing operations were $296.9 million that included advance payments on metal purchase agreements of $148.0 million, without which cash flows from operating activities from continuing operations would have been $148.9 million. Net Free Cash Flow (a non-GAAP financial measure, see *Section 14*) in the fourth quarter of 2016 was impacted mainly by lower interest paid, but offset by higher sustaining capital expenditures as expected. For the year, net free cash flow increased by more than fivefold from prior year 2015, a significant increase.

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)		**2016**	2015	2014
Net loss per share attributable to Yamana Gold Inc. equity holders - basic and diluted	$	**(0.33)**	$ (2.26)	$ (1.46)
Net loss from continuing operations per share attributable to Yamana Gold Inc. equity holders - basic and diluted	$	**(0.31)**	$ (2.24)	$ (1.46)
Adjusted earnings/(loss) per share *(i)* from continuing operations attributable to Yamana Gold Inc. equity holders - basic and diluted	$	**0.05**	$ (0.08)	$ 0.06
Dividends declared per share	$	**0.02**	$ 0.06	$ 0.1275
Dividends paid per share	$	**0.03**	$ 0.06	$ 0.1775
Weighted average number of common shares outstanding - basic (in millions)		**947.4**	936.6	820.8
Weighted average number of common shares outstanding - diluted (in millions)		**947.4**	936.6	822.5

(In millions of US Dollars; unless otherwise noted)				
Net loss attributable to Yamana Gold Inc. equity holders	$	**(307.9)**	$ (2,114.8)	$ (1,198.9)
Adjusted (loss)/earnings from continuing operations *(i)*	$	**43.3**	$ (64.5)	$ 48.4
Revenue	$	**1,787.7**	$ 1,720.6	$ 1,744.5
Mine operating earnings	$	**(414.9)**	$ (1,267.4)	$ 252.1
Cash flows from operating activities from continuing operations	$	**651.9**	$ 514.0	$ 472.4
Cash flows from operating activities before net change in working capital *(i)*	$	**626.6**	$ 654.8	$ 561.9
Cash flows used in investing activities from continuing operations	$	**(367.0)**	$ (367.2)	$ (1,039.3)
Cash flows (used in)/from financing activities from continuing operations	$	**(308.2)**	$ (204.6)	$ 540.1
Revenue per ounce of gold	$	**1,240**	$ 1,133	$ 1,231
Revenue per ounce of copper	$	**1.92**	$ 2.14	$ 2.68
Revenue per ounce of silver	$	**17.06**	$ 15.74	$ 18.82
Average realized gold price per ounce *(ii)*	$	**1,251**	$ 1,157	$ 1,256
Average realized copper price per pound *(ii)*	$	**2.24**	$ 2.69	$ 3.12
Average realized silver price per ounce *(ii)*	$	**17.04**	$ 15.68	$ 18.84
Average market gold price per ounce *(iii)*	$	**1,251**	$ 1,160	$ 1,266
Average market copper price per pound *(iii)*	$	**2.21**	$ 2.50	$ 3.11
Average market silver price per ounce *(iii)*	$	**17.14**	$ 15.68	$ 19.07

As at December 31, (In millions of Dollars; unless otherwise noted)		**2016**	2015	2014
Total assets	$	**8,801.7**	$ 9,518.1	$ 11,693.6
Total long-term liabilities	$	**3,746.6**	$ 4,111.4	$ 4,829.1
Total equity	$	**4,580.0**	$ 4,864.6	$ 6,676.0
Working capital	$	**77.3**	$ 106.9	$ 34.2

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements 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) Realized prices based on gross sales compared to market prices for metals may vary due to the timing of the sales.

(iii) Source of information: Bloomberg.

4.2 Annual Operating Statistics

For the years ended December 31,	**2016**	2015		**2016**	2015	
Ounces of production	**Gold**			**Silver**		
Chapada	**107,301**	119,059	**(10)%**	**259,444**	274,533	**(5)%**
El Peñón	**220,209**	227,288	**(3)%**	**6,020,758**	7,692,811	**(22)%**
Canadian Malartic *(i)*	**292,514**	285,809	**2%**	**—**	—	**—%**
Gualcamayo	**164,265**	180,674	**(9)%**	**—**	—	**—%**
Minera Florida	**104,312**	112,580	**(7)%**	**429,048**	660,997	**—%**
Jacobina	**120,478**	96,715	**25%**	**—**	—	**—%**
Total production from continuing operations, excluding Brio	**1,009,079**	1,022,125	**(1)%**	**6,709,250**	8,628,341	**(22)%**
Brio Gold (attributable to the Company) *(ii)*	**188,765**	144,098	**31%**	**—**	—	**—%**
Total production attributable to the Company from continuing operations	**1,197,844**	1,166,223	**3%**	**6,709,250**	8,628,341	**(22)%**
Brio Gold (attributable to non-controlling interest) *(ii)*	**897**	—	**n/a**	**—**	—	**n/a**
Total production from continuing operations *(iii)*	**1,198,741**	1,166,223	**3%**	**6,709,250**	8,628,341	**(22)%**
Mercedes (divested in September 2016)	**70,274**	84,137	**(16)%**	**326,876**	382,943	**(15)%**
Total production	**1,269,015**	1,250,360	**1%**	**7,036,126**	9,011,284	**(22)%**
Cost of sales excluding DD&A per ounce sold, excluding Brio Gold	**$ 664**	$ 645	**3%**	**$ 9.07**	$ 8.54	**6%**
Cost of sales excluding DD&A per ounce sold	**$ 677**	$ 657	**3%**	**$ 9.07**	$ 8.54	**6%**
DD&A per ounce sold, excluding Brio Gold	**$ 327**	$ 355	**(8)%**	**$ 4.72**	$ 5.59	**(16)%**
DD&A per ounce sold	**$ 331**	$ 360	**(8)%**	**$ 4.72**	$ 5.59	**(16)%**
Total cost of sales per ounce sold *(iv)*						
Chapada	**$ 489**	$ 406	**20%**	**$ 7.05**	$ 4.52	**56%**
El Peñón	**$ 1,019**	$ 1,044	**(2)%**	**$ 13.84**	$ 13.88	**—%**
Canadian Malartic *(i)*	**$ 1,025**	$ 969	**6%**	**$ —**	$ —	**—%**
Gualcamayo	**$ 1,038**	$ 1,162	**(11)%**	**$ —**	$ —	**—%**
Minera Florida	**$ 1,046**	$ 1,270	**(18)%**	**$ 13.81**	$ 16.90	**(18)%**
Jacobina	**$ 1,072**	$ 1,068	**—%**	**$ —**	$ —	**—%**
Total cost of sales per ounce sold, excluding Brio Gold *(iv)*	**$ 991**	$ 1,000	**(1)%**	**$ 13.79**	$ 14.13	**—%**
Brio Gold *(ii)*	**$ 1,098**	$ 1,138	**(4)%**	**$ —**	$ —	**—%**
Total cost of sales per ounce sold *(iv)*	**$ 1,008**	$ 1,018	**(1)%**	**$ 13.79**	$ 14.13	**(2)%**
Co-product cash costs from continuing operations per ounce (v)						
Chapada	**$ 359**	$ 333	**8%**	**$ 3.20**	$ 3.21	**—%**
El Peñón	**$ 678**	$ 626	**8%**	**$ 9.14**	$ 8.49	**8%**
Canadian Malartic *(i)*	**$ 606**	$ 596	**2%**	**$ —**	$ —	**—%**
Gualcamayo	**$ 796**	$ 821	**(3)%**	**$ —**	$ —	**—%**
Minera Florida	**$ 735**	$ 717	**3%**	**$ 9.90**	$ 9.59	**3%**
Jacobina	**$ 692**	$ 795	**(13)%**	**$ —**	$ —	**—%**
Co-product cash costs from continuing operations attributable to the Company per ounce produced, excluding Brio Gold *(v)*	**$ 650**	$ 644	**1%**	**$ 8.96**	$ 8.40	**7%**
Brio Gold *(ii)*	**$ 746**	$ 718	**4%**	**$ —**	$ —	**—%**
Co-product cash costs from continuing operations attributable to the Company per ounce produced *(v)*	**$ 665**	$ 653	**2%**	**$ 8.96**	$ 8.40	**7%**
All-in sustaining co-product costs from continuing operations attributable to the Company per ounce produced, excluding Brio Gold *(v)*	**$ 897**	$ 846	**6%**	**$ 12.64**	$ 11.51	**10%**
All-in sustaining co-product costs from continuing operations attributable to the Company per ounce produced *(v)*	**$ 911**	$ 855	**7%**	**$ 12.65**	$ 11.51	**10%**

Concentrate production	**2016**	2015	
Chapada concentrate production (tonnes)	**216,332**	242,523	**(11)%**

Chapada copper contained in concentrate production (millions of lbs)	**115.5**	131.0	**(12)%**
Cost of sales excluding depreciation, depletion and amortization per pound of copper sold	**$ 1.57**	$ 1.41	**11%**
Depreciation, depletion and amortization per pound of copper sold	**$ 0.36**	$ 0.29	**24%**
Total cost of sale per pound of copper sold *(iv)*	**$ 1.93**	$ 1.71	**13%**
Chapada co-product cash costs per pound of copper *(v)*	**$ 1.58**	$ 1.47	**7%**
Sales included in revenue	**2016**	2015	
Gold (ounces)	**1,188,267**	1,162,963	**2%**
Silver (ounces)	**6,604,212**	8,517,174	**(22)%**
Chapada concentrate (tonnes)	**217,180**	240,790	**(10)%**
Chapada payable copper contained in concentrate (millions of lbs)	**104.9**	126.0	**(17)%**

(i) The Company holds a 50% interest in Canadian Malartic.

(ii) Pilar, Fazenda Brasileiro, RDM and C1 Santa Luz are held within Brio Gold. Currently, C1 Santa Luz is on care and maintenance. Gold production for the period: Pilar 87,061 ounces (2015 - 83,184 ounces), Fazenda Brasileiro 70,887 ounces (2015 - 60,914ounces), RDM 31,714 ounces (2015 - nil). RDM was acquired on April 29, 2016.

(iii) Excludes the Company's 12.5% equity interest in Alumbrera. Gold production at Alumbrera for 2016 was 32,022 ounces (2015 - 24,555 ounces).

(iv) Total cost of sales consists of cost of sales excluding DDA plus DDA.

(v) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements 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)*		2016		2015
Net loss per share attributable to Yamana Gold Inc. equity holders - basic and diluted	$	**(0.39)**	$	(1.95)
Net loss from continuing operations per share attributable to Yamana Gold Inc. equity holders - basic and diluted	$	**(0.38)**	$	(1.53)
Adjusted earnings/(loss) per share *(i)* from continuing operations attributable to Yamana Gold Inc. equity holders - basic and diluted	$	**0.01**	$	(0.01)
Dividends declared per share	$	**0.005**	$	0.015
Dividends paid per share	$	**0.005**	$	0.015
Weighted average number of common shares outstanding - basic (in millions)		**947.6**		946.8
Weighted average number of common shares outstanding - diluted (in millions)		**947.6**		946.8

(In millions of US Dollars; unless otherwise noted)				
Net loss from continuing operations attributable to Yamana equity holders	$	**(355.4)**	$	(1,448.6)
Adjusted earnings/(loss) from continuing operations (i)	$	**6.7**	$	(6.4)
Revenues	$	**484.4**	$	439.1
Mine operating (loss)/earnings	$	**(639.3)**	$	(1,419.8)
Cash flows from operating activities from continuing operations	$	**163.0**	$	296.9
Cash flows from operating activities before net change in working capital (i)	$	**147.7**	$	294.3
Cash flows used in investing activities from continuing operations	$	**(119.5)**	$	(144.7)
Cash flows used in financing activities from continuing operations	$	**(187.7)**	$	(168.2)
Revenue per ounce of gold	$	**1,196**	$	1,079
Revenue per ounce of copper	$	**2.02**	$	1.71
Revenue per ounce of silver	$	**17.11**	$	14.62
Average realized gold price per ounce (ii)	$	**1,210**	$	1,102
Average realized copper price per pound (ii)	$	**2.48**	$	2.26
Average realized silver price per ounce (ii)	$	**17.17**	$	14.62
Average market gold price per ounce (iii)	$	**1,222**	$	1,106
Average market copper price per pound (iii)	$	**2.39**	$	2.22
Average market silver price per ounce *(iii)*	$	**17.19**	$	14.77

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements is included in *Section 14* including a discussion and definition of Adjusted Earnings, Adjusted Earnings per Share, and additional measures.

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

(iii) Source of information: Bloomberg.

4.4 Fourth Quarter Operating Statistics

For the three months ended December 31,	2016	2015		2016	2015	
Ounces of production	**Gold**			**Silver**		
Chapada	**40,358**	34,498	**17%**	**78,020**	70,547	**11%**
El Peñón	**55,764**	59,375	**(6)%**	**1,454,293**	1,584,280	**(8)%**
Canadian Malartic *(i)*	**69,971**	72,872	**(4)%**	**—**	—	**—%**
Gualcamayo	**44,840**	52,864	**(15)%**	**—**	—	**—%**
Minera Florida	**25,675**	29,180	**(12)%**	**94,738**	202,643	**(53)%**
Jacobina	**32,180**	28,727	**12%**	**—**	—	**—%**
Total production from continuing operations, excluding Brio	**268,788**	277,516	**(3)%**	**1,627,051**	1,857,470	**(12)%**
Brio Gold (attributable to the Company) *(ii)*	**49,580**	39,279	**26%**	**—**	—	**—%**
Total production attributable to the Company from continuing operations	**318,368**	316,795	**1%**	**1,627,051**	1,857,470	**(12)%**
Brio Gold (attributable to non-controlling interest)	**897**	—	**n/a**	**—**	—	**n/a**
Total production from continuing operations *(iii)*	**319,265**	316,795	**1%**	**1,627,051**	1,857,470	**(12)%**
Mercedes (divested in September 2016)	**—**	20,407	**n/a**	**—**	102,116	**n/a**
Total production	**319,265**	337,202	**(5)%**	**1,627,051**	1,959,586	**(17)%**
Cost of sales excluding DD&A per ounce sold, excluding Brio Gold	**$ 634**	$ 593	**7%**	**$ 10.42**	$ 7.97	**31%**
Cost of sales excluding DD&A per ounce sold	**$ 668**	$ 598	**12%**	**$ 10.42**	$ 7.97	**31%**
DD&A per ounce sold, excluding Brio Gold	**$ 301**	$ 342	**(12)%**	**$ 5.16**	$ 5.47	**(6)%**
DD&A per ounce sold	**$ 336**	$ 360	**(7)%**	**$ 5.16**	$ 5.47	**(6)%**
Total cost of sales per ounce sold *(iv)*						
Chapada	**$ 335**	$ 312	**7%**	**$ 4.79**	$ 4.31	**11%**
El Peñón	**$ 1,075**	$ 1,019	**5%**	**$ 16.08**	$ 13.23	**22%**
Canadian Malartic *(i)*	**$ 1,056**	$ 966	**9%**	**$ —**	$ —	**—%**
Gualcamayo	**$ 953**	$ 1,096	**(13)%**	**$ —**	$ —	**—%**
Minera Florida	**$ 924**	$ 1,261	**(27)%**	**$ 13.37**	$ 16.88	**(21)%**
Jacobina	**$ 1,123**	$ 873	**29%**	**$ —**	$ —	**—%**
Total cost of sales per ounce sold, excluding Brio Gold *(iv)*	**$ 935**	$ 935	**—%**	**$ 15.58**	$ 13.44	**16%**
Brio Gold *(ii)*	**$ 1,384**	$ 1,126	**23%**	**$ —**	$ —	**—%**
Total cost of sales per ounce sold *(iv)*	**$ 1,004**	$ 959	**5%**	**$ 15.58**	$ 13.44	**16%**
Co-product cash costs from continuing operations per ounce (v)						
Chapada	**$ 275**	$ 281	**(2)%**	**$ 3.17**	$ 3.08	**3%**
El Peñón	**$ 714**	$ 593	**20%**	**$ 10.40**	$ 7.79	**34%**
Canadian Malartic *(i)*	**$ 634**	$ 606	**5%**	**$ —**	$ —	**—%**
Gualcamayo	**$ 734**	$ 808	**(9)%**	**$ —**	$ —	**—%**
Minera Florida	**$ 730**	$ 664	**10%**	**$ 10.63**	$ 8.69	**22%**
Jacobina	**$ 742**	$ 614	**21%**	**$ —**	$ —	**—%**
Co-product cash costs from continuing operations attributable to the Company per ounce produced, excluding Brio Gold *(v)*	**$ 635**	$ 608	**4%**	**$ 10.07**	$ 7.71	**31%**
Brio Gold *(ii)*	**$ 832**	$ 610	**36%**	**$ —**	$ —	**—%**
Co-product cash costs from continuing operations attributable to the Company per ounce produced *(v)*	**$ 667**	$ 609	**10%**	**$ 10.07**	$ 7.71	**31%**
All-in sustaining co-product costs from continuing operations attributable to the Company per ounce produced, excluding Brio Gold *(v)*	**$ 894**	$ 773	**16%**	**$ 14.48**	$ 9.93	**46%**
All-in sustaining co-product costs from continuing operations attributable to the Company per ounce produced *(v)*	**$ 928**	$ 782	**19%**	**$ 14.48**	$ 9.93	**46%**
Concentrate production				**2016**	2015	
Chapada concentrate production (tonnes)				**68,375**	70,255	**(3)%**

Chapada copper contained in concentrate production (millions of lbs)		**36.9**	36.6	**1%**
Cost of sales excluding depreciation, depletion and amortization per pound of copper sold	**$**	**1.48** $	1.19	**24%**
Depreciation, depletion and amortization per pound of copper sold	**$**	**0.32** $	0.30	**7%**
Total cost of sale per pound of copper sold *(iv)*	**$**	**1.80** $	1.48	**22%**
Chapada co-product cash costs per pound of copper *(v)*	**$**	**1.44** $	1.31	**10%**
Sales included in revenue		**2016**	2015	
Gold (ounces)		**324,197**	342,194	**(5)%**
Silver (ounces)		**1,619,208**	1,884,819	**(14)%**
Chapada concentrate (tonnes)		**68,477**	74,538	**(8)%**
Chapada payable copper contained in concentrate (millions of lbs)		**34.2**	38.6	**(11)%**

(i) The Company holds a 50% interest in Canadian Malartic.

(ii) Pilar, Fazenda Brasileiro, RDM and C1 Santa Luz are held within Brio Gold. Currently, C1 Santa Luz is on care and maintenance. Gold production for the period: Pilar 22,170 ounces (2015 - 21,326 ounces), Fazenda Brasileiro 18,279 ounces (2015 - 17,953 ounces), RDM 10,028 ounces (2015 - nil). RDM was acquired on April 29, 2016.

(iii) Excludes the Company's 12.5% equity interest in Alumbrera. Gold production at Alumbrera for the fourth quarter of 2016 was 8,911 ounces (2015 - 8,586 ounces).

(iv) Total cost of sales consists of cost of sales excluding DDA plus DDA.

(v) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements 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

For the years ended December 31, (In millions of US Dollars; unless otherwise noted)		**2016**	2015
Revenue	**$**	**1,787.7** $	1,720.6
Cost of sales excluding depletion, depreciation and amortization		**(1,029.0)**	(1,015.1)
Gross margin excluding depletion, depreciation and amortization	**$**	**758.7** $	705.5
Depletion, depreciation and amortization		**(462.3)**	(503.9)
Impairment of mining properties		**(711.3)**	(1,469.0)
Mine operating earnings	**$**	**(414.9)** $	(1,267.4)
Other expenses and income *(i)*		(297.0)	(311.0)
Equity loss from associate		—	(17.5)
Impairment of non-operating mineral properties		**96.2**	(567.1)
Loss from operations before income taxes	**$**	**(615.7)** $	(2,163.0)
Income tax recovery/(expense)		**324.9**	476.3
Net loss from continuing operations	**$**	**(290.8)** $	(1,686.7)
Loss from discontinued operations		**(17.5)**	(428.1)
Net loss	**$**	**(308.3)** $	(2,114.8)
Earnings adjustments *(ii)*:			
Net (loss)/earnings from continuing operations	**$**	**(290.8)** $	(1,686.7)
Non-cash unrealized foreign exchange losses/(gains)		**33.7**	(25.1)
Impact of change in tax rates on non-cash deferred tax expense		**—**	(9.4)
Share-based payments/mark-to-market of deferred share units		**14.2**	11.2
Reorganization costs		**2.9**	7.5
Loss on sale of assets		**3.1**	4.4
Impairment of mining and non-operational mineral properties		**615.1**	2,036.3
Mark-to-market on investment and other assets		**15.6**	26.9
Other non-cash provisions and adjustments		**1.4**	16.1
Adjusted earnings before income tax effect	**$**	**395.2** $	381.2
Non-cash tax on unrealized foreign exchange gains		**(20.0)**	201.5
Income tax effect of adjustments		**(331.9)**	(647.2)
Adjusted earnings/(loss) from continuing operations *(ii)*	**$**	**43.3** $	(64.5)
Net loss per share from continuing operations *(iii)* - basic and diluted	**$**	**(0.31)** $	(1.80)
Net loss per share *(iii)* - basic and diluted	**$**	**(0.32)** $	(2.26)
Adjusted earnings/(loss) per share from continuing operations *(ii)(iii)* - basic and diluted	**$**	**0.05** $	(0.08)
Adjusted operating cash flows *(ii)*:			
Cash flows from operating activities before changes in working capital	**$**	**626.6** $	654.8
Advance payments on metal purchase agreement		**(64.0)**	(148.0)
Cash portion of reorganization costs		**—**	7.0
Adjusted operating cash flows	**$**	**562.6** $	513.8

(i) For the year ended December 31, 2016, other expenses and income represent the aggregate of the following expenses: general and administrative of $100.2 million (2015 - $110.1 million), exploration and evaluation of $14.9 million (2015 - $18.7 million), other expenses of $39.7 million (2015 - $69.6 million) and net finance expense of $142.2 million (2015 - $112.6 million).

(ii) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements and their respective reconciliations are included in *Section 14* of this *Management's Discussion and Analysis.*

(iii) Attributable to Yamana Gold Inc. equityholders.

Impairment of Assets

During the year ended December 31, 2016, the Company recorded non-cash impairment charges totalling $615.1 million ($379.9 million on an after-tax basis). The following chart provides a breakdown of the impairments in addition to providing the resulting book value.

		2016			2015	
Cash Generating Units		**Total Impairment**	**Net Book Value - as at Dec. 31, 2016***(i)*		Total Impairment	Net Book Value - as at Dec. 31, 2015
El Peñón	$	**(600.4)**	**$ 763.6**	$	(544.0)	$ 1,413.5
Brio Gold		**(14.7)**	**419.7**		(91.8)	440.2
Gualcamayo		**—**	**—**		(572.0)	435.7
Argentina - Exploration properties and other		**—**	**—**		(510.2)	544.8
Minera Florida		**—**	**—**		(269.0)	377.9
Alumbrera		**—**	**—**		(49.1)	—
Total mineral property impairments	**$**	**(615.1)**		**$**	**(2,036.1)**	
Total mineral property impairments for operating mines	**$**	**(711.3)**		**$**	**(1,469.0)**	
Total mineral property impairment reversal for non-operating mines	**$**	**96.2**		**$**	**(567.1)**	

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

During the fourth quarter, the Company performed its annual assessment of indication of impairment, compiling details from external and internal sources of information and noted that with the exception of El Peñón and certain Brio Gold operations, there were no indicators of impairment or impairment reversal noted as of December 31, 2016.

For El Peñón, the Company determined a sustainable, longer term optimal production level for the mine that takes into account mineral reserves, conversion of mineral resources, recent production and capital expenditure levels, as well as the more recent narrow vein discoveries. The exploration results over the year resulted in the Company reassessing its interpretation of geological potential. The outcome of the evaluation envisages a mine with a production expectation for 2017 of 140,000 ounces of gold and 4,150,000 ounces of silver, which is expected to remain consistent through the guidance period. This mine plan would support and optimize the level of exploration drilling, mine development, capital expenditure and cash flow generation of the site, while providing a sustainable platform for potential future increases of production and extension of the mine life. In particular, the optimizations being carried out focus on the delineation drilling of narrow vein discoveries and the implementation of changes and improvements to the narrow vein mining techniques, and aim to enhance the overall margin generation of these veins. The reduced annual production compared with the historical running rate of the mine, and a modification in the interpretation of the geological potential from exploration, both reduced the overall contained modeled metal, and extended the timeline required to recover it, all of which impacted the recoverable value of the cash generating unit ("CGU") and resulted in an impairment of $600.4 million ($381.6 million after-tax).

In respect to Brio Gold, a modest net impairment of $14.7 million (recovery of $1.7 million after-tax) was taken in 2016. Modifications to the mining plans at Pilar resulted in an impairment of $110.9 million which was offset by a reversal of the previous impairment at C1 Santa Luz. The reversal of $96.2 million was predominantly due to the decision to recommission the mine following a positive technical report, which included the reclassification of mineral resources into mineral reserves, as their ability to be mined profitably was demonstrated, as well as confirmation of improved gold recoveries. In arriving at carrying values for Brio Gold's mines a higher discount rate was used than is used for Yamana's mines to take into consideration Brio Gold's higher weighted average cost of capital as a smaller standalone company.

In the context of the current metal price trends, the Company noted that prior year assumptions of long term gold price of $1,250 per ounce of gold continue to be supportable and are within the range of acceptable assumptions based on objective independent data. Macro-economic factors were supportive of the Company maintaining its metal price parameters used in the prior year. Additionally, exploration potential and land interest multiples of exploration concessions are also within the supportable range, hence, no revisions were deemed necessary.

The Company performed the impairment test for El Peñón, and Brio Gold performed an impairment test for its operations based on updated life of mine after-tax cash flow projections which were revised for 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 and mineral resources, value of land holdings, as well as other factors, which are determinants of commercial viability of each mining property in its portfolio.

Consistent with its accounting 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 had been recognized in the past. As at December 31, 2016, 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 with the exception of one of Brio Gold's operations.

The Company continues to consider, on a regular basis, whether other indicators exist that suggest that the carrying values of its assets are impaired for accounting purposes. While the market capitalization relative to the carrying value of the Company's assets is reviewed on a regular basis, it is not considered as the sole indicator of impairment. Given recent strategic developments the Company has achieved, and the volatility of the market reflecting the current economic sentiment, using the current share price as a sole determinant of fair value is not reasonable; however the Company monitors the magnitude of the gap between the Company market capitalization and the asset carrying values. Although the Company's market capitalization as at December 31, 2016 is below the carrying value of the net assets, based on the impairment assessments, the Company has determined that only the impairments recognized in the year ended December 31, 2016 are required. The Company believes that its share price does not impact the Company's ability to generate cash flows from its assets which support the net book values on a discounted cash flow basis.

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, 2016.

Acquisitions and Dispositions

Acquisition of Mineração Riacho dos Machados Ltda.

On February 17, 2016, Brio Gold, entered into an Assignment and Assumption Agreement and a Restructuring Agreement pursuant to which it would ultimately acquire all right, title and interests in Mineração Riacho dos Machados Ltda. (MRDM), a wholly-owned subsidiary of Carpathian Gold Inc. (Carpathian), from Macquarie Bank Limited, holder of rights and interests in loan facility extended to MRDM, and Carpathian. MRDM owns and operates the Riacho Dos Machados ("RDM") mine which is an open-pit gold mine located in Minas Gerais State, Brazil. RDM increases the production profile of the Company in a mining-friendly jurisdiction and is expected to increase the sustainable production level, contribute to cash flow and provide mineral reserve growth and a mineral resource base with growth potential.

On April 29, 2016, the Company closed on the restructuring procedures and concurrently attained control of MRDM for approximately $53.9 million in total cash consideration. The financial results for the period reflect the results of operations from the closing date of the acquisition to December 31, 2016 and financial position as at December 31, 2016.

Metal Purchase Agreement

On March 31, 2016, the Company entered into a copper purchase agreements with Altius Minerals Corporation (Altius) (the Copper Purchase Agreement), pursuant to which Altius paid Yamana total advance payments of $60 million in cash consideration plus 400,000 Altius warrants. The Copper Purchase Agreement provides Altius with the right to receive deliveries of copper referenced to production from the Company's Chapada mine in Brazil.

The Copper Purchase Agreement was entered into with the objective to finance the purchase of RDM. The Copper Purchase Agreement de-leverages the Company's exposure to copper, a secondary metal, to increase exposure to gold, the Company's primary metal, and increases the intrinsic value of the Brio Gold division. The advanced payment and the value of the warrants were accounted as deferred revenue. The Company records a portion of the deferred revenue as sales, when substantial risks and rewards of the metal have been transferred to Altius. The transaction is unsecured and is subject to customary guarantees by the entities involved.

Disposition of Ernesto Pau-a-Pique

On May 31, 2016, the Company completed the sale to Aura Minerals Inc. of its Ernesto Pau-a-Pique mine. Pursuant to the transaction, the Company received a total consideration of $9.6 million in shares, equity securities, loans receivable and net smelter return royalties. The equity securities received include 2 million common shares of Aura and 3.5 million common share purchase warrants that are exercisable at C$0.50 per share (200,000 common shares and 350,000 common share purchase warrants as of December 31st 2016 valued at C$5.00 per share as a result of 10 to 1 share consolidation). The Company also received a 2% net smelter return royalty on gold ounces produced from the project with respect to up to 1,000,000 collective ounces of gold, and 1% thereafter. The Company recognized a gain of $3.6 million based on the fair value of the consideration received.

Disposition of Mexican operations

On September 30, 2016, the Company completed the sale to Premier Gold Inc. of its Mexican subsidiaries through which the Mercedes mine and Mexican exploration properties were held. Pursuant to the transaction, the Company received total consideration of $122.5 million in cash plus shares, equity securities and net smelter return royalties having an additional value of $23.2 million. The equity securities received include 6 million common shares of Premier and 3 million common share purchase warrants of Premier that are exercisable at C$4.75 per common share for 24 months. The Company also received a 1.0% net smelter return royalty on the Mercedes mine, that becomes payable upon the earlier of six years from the completion of the sale and the date upon which cumulative production of 450,000 ounces of gold equivalent from Mercedes has been achieved, as well as a 2.0% net smelter return royalty on the La Silla property in Sinaloa, Mexico and the La Espera property in Sonora, Mexico. Operating results have been presented as discontinued operations for 2016 and 2015. The Company has recognized a loss of $29.4 million on the sale associated with the net book value of the properties sold exceeding the proceeds on sale by that amount. Premier Gold Inc. is a North American-focused exploration and development company with multiple gold projects.

Disposition of 15% interest in Brio Gold

On December 23, 2016, the Company completed its offering of purchase rights (the "Purchase Rights") and related transactions pursuant to which the Company has sold some of its common shares of Brio Gold. A total of 17,324,507 Brio Gold Shares owned by the Company were transferred pursuant to the transactions at a price of C$3.25 per Brio Gold Share for aggregate proceeds of $40.7 million (C$54.1 million) to the Company. As a result of the completion of these transactions, Brio Gold is now a standalone public company. The Company continues to be a significant shareholder of Brio Gold, holding approximately 85% of the issued and outstanding Brio Gold Shares.

For the year ended December 31, 2016

Net loss from continuing operations attributable to Yamana equityholders for the year ended December 31, 2016 was $290.8 million or $0.31 per share basic and diluted, compared to net loss from continuing operations of $1.7 billion or $1.80 per share basic and diluted for the year ended December 31, 2015.

Adjusted earnings from continuing operations were $43.3 million or $0.05 per share (non-GAAP measures, see *Section 14*) for the year ended December, 31, 2016, compared to adjusted loss from continuing operations of $64.5 million or $0.08 per share. Mine operating losses for the year ended December 31, 2016 were $414.9 million, compared to a loss of $1,267.4 million in 2015. Adjusted earnings and mine operating earnings for the period was higher due to lower impairment of mining properties, higher realized gold and silver prices, partially offset by lower copper price and lower sales.

Revenue for the year ended December 31, 2016 was $1.8 billion, compared to $1.7 billion for the year ended December 31, 2015 resulting from higher average realized price for gold and silver, offset by lower metal sales for silver and copper, and a lower price for copper. Revenue for the year was generated from the sale of 1,188,267 ounces of gold, 6.6 million ounces of silver and 105 million pounds of copper. This compares to sales of 1,162,963 ounces of gold, 8.5 million ounces of silver and 126 million pounds of copper for the year ended December 31, 2015.

Revenue per ounce of gold was $1,240 per ounce of gold, $17.06 per ounce of silver and $1.92 per pound of copper for the year ended December 31, 2016, compared to revenue per ounce of gold of $1,124, per ounce of silver $15.68 and $2.15 per pound of copper for the year ended December 31, 2015. The average realized price was $1,251 per ounce of gold, $17.04 per ounce of silver and $2.24 per pound of copper for the year ended December 31, 2016, compared to $1,156 per ounce of gold, $15.68 per ounce of silver and $2.15 per pound of copper for the year ended December 31, 2015. It should be noted that revenue per ounce of gold and revenue per pound of copper are net of treatment and refining charges and sales taxes, therefore are lower than the corresponding average realized prices of these metals.

Revenue for the year ended comprised the following:

For the years ended December 31,			**2016**		2015
(In millions of US Dollars; unless otherwise noted)	**Quantity Sold *(ii)***		**Revenue per ounce/pound**	**Revenue**	Revenue
Gold *(i)*	**1,188,267**	**oz**	**$ 1,240**	**$ 1,473.5**	$ 1,316.5
Silver	**6,604,212**	**oz**	**17.06**	**112.7**	134.0
Copper *(i)*	**104,923,875**	**lbs**	**1.92**	**201.5**	270.1
Revenue *(ii)*				**$ 1,787.7**	$ 1,720.6

For the years ended December 31,	2016					2015
(In millions of US Dollars; unless otherwise noted)	**Quantity Sold (ii)**			**Average Realized Price**	**Revenue**	Revenue
Gold (i)	**1,188,267**	**oz**	**$**	**1,251**	**$ 1,486.2**	$ 1,344.2
Silver	**6,448,522**	**oz**	**$**	**17.14**	**110.6**	133.8
Silver subject to metal sales agreement (iii)	**155,690**	**oz**	**$**	**12.91**	**2.0**	—
	6,604,212	**oz**	**$**	**17.04**		
Copper (i)	**100,703,297**	**lbs**	**$**	**2.26**	**227.1**	339.2
Copper subject to metal sales agreement (iii)	**4,220,578**	**lbs**	**$**	**1.93**	**8.2**	—
	104,923,875	**lbs**	**$**	**2.24**		
Gross revenue					**$ 1,834.1**	$ 1,817.2
(Deduct)/add:						
- Treatment and refining charges of gold and copper concentrate					**(32.9)**	(41.0)
- Sales taxes					**(16.5)**	(25.9)
- Metal price adjustments related to concentrate revenue					**3.0**	(30.6)
- Other adjustments					**—**	0.9
Revenue (ii)					**$ 1,787.7**	$ 1,720.6

(i) Includes payable copper and gold contained in concentrate.
(ii) Excludes Mercedes which is a discontinued operation.
(iii) Balances represent the metals sold under the metal sales agreement with Sandstorm Gold Inc. and Altius Minerals Corp. in respect of the period including deferred revenue amortized of $6.8 million

Cost of sales excluding DDA for the year ended December 31, 2016 was $1.03 billion, compared to $1.02 billion in 2015. Cost of sales excluding DDA for the year was higher than 2015 reflecting increased cash costs and the foreign exchange effect of the appreciation of the Brazilian Real, Chilean Peso and Canadian Dollar.

The following table provides a reconciliation of the cost of sales per ounce of gold/ silver, pound of copper sold to the total cost of sales for the year:

For the years ended December 31,	2016				2015
(In millions of US Dollars; unless otherwise noted)	***Commercial gold/silver ounces, pounds of copper sold***		**Cost of sales per gold/silver ounce, pound of copper sold**	**Total cost of sales**	Total cost of sales
Chapada — Gold	**92,807**	**oz**	**$ 517**	**$ 48.0**	$ 49.4
Chapada — Silver	**131,339**	**oz**	**$ 7.02**	**0.9**	0.9
Chapada — Copper	**104,923,875**	**lbs**	**$ 1.89**	**198.3**	211.0
El Peñón — Gold	**221,908**	**oz**	**$ 1,014**	**225.0**	234.6
El Peñón — Silver	**6,043,380**	**oz**	**$ 14.02**	**84.7**	106.3
Gualcamayo — Gold	**169,347**	**oz**	**$ 1,038**	**175.8**	205.5
Canadian Malartic — Gold (50% interest)	**292,972**	**oz**	**$ 1,025**	**300.3**	278.7
Minera Florida — Gold	**102,204**	**oz**	**$ 1,045**	**106.8**	142.0
Minera Florida — Silver	**429,494**	**oz**	**$ 14.05**	**6.0**	11.0
Jacobina — Gold	**118,142**	**oz**	**$ 1,072**	**126.6**	103.0
Brio Gold - Gold	**190,887**	**oz**	**$ 1,098**	**209.6**	163.7
Corporate office & other				**9.3**	12.9
Total cost of sales *(ii)*				**$ 1,491.3**	$ 1,519.0
Cost of sales excluding depletion, depreciation and amortization *(ii)*				**$ 1,029.0**	$ 1,015.1
Depletion, depreciation and amortization *(ii)*				**462.3**	503.9
Total cost of sales *(ii) (iii)*				**$ 1,491.3**	$ 1,519.0

The following table provides a reconciliation of the co-product cash cost (a non-GAAP financial measure, see *Section 14*) to the cost of sales excluding DDA for the year:

For the years ended December 31,		**2016**		2015
(In millions of US Dollars; unless otherwise noted)	**Gold/Silver ounces or pounds of Copper Produced *(ii)***	**Co-Product Cash Cost per Unit Produced**	**Total costs**	Total costs
Chapada — Gold	**107,301**	**$ 359**	**$ 38.5**	$ 39.7
Chapada — Silver	**259,444**	**$ 3.20**	**0.8**	0.9
Chapada — Copper	**115,548,437**	**$ 1.58**	**182.6**	192.0
El Peñón — Gold	**220,209**	**$ 678**	**149.3**	142.2
El Peñón — Silver	**6,020,758**	**$ 9.14**	**55.0**	65.3
Gualcamayo — Gold	**164,265**	**$ 796**	**130.8**	148.4
Canadian Malartic — Gold (50% interest)	**292,514**	**$ 606**	**177.3**	170.4
Minera Florida — Gold	**104,312**	**$ 735**	**76.7**	80.7
Minera Florida — Silver	**429,048**	**$ 9.90**	**4.2**	6.3
Jacobina — Gold	**120,478**	**$ 692**	**83.4**	76.9
Brio Gold - Gold	**189,661**	**$ 746**	**141.5**	103.5
Co-product cash cost of metal produced *(i)*			**$ 1,040.1**	$ 1,026.3
Add (deduct):				
- Inventory movements and adjustments			**5.8**	13.1
- Treatment and refining charges of gold and copper concentrate			**(32.9)**	(40.3)
- Commercial and other costs			**6.9**	5.2
- Overseas freight for Chapada concentrate			**9.1**	10.8
Cost of sales excluding depletion, depreciation and amortization *(ii)*			**$ 1,029.0**	$ 1,015.1
Depreciation, depletion and amortization *(ii)*			**$ 462.3**	$ 503.9
Total cost of sales *(ii) (iii)*			**$ 1,491.3**	$ 1,519.0

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements is included in *Section 14* of this Management's Discussion and Analysis.

(ii) Excludes Mercedes which is a discontinued operation.

(iii) Total cost of sales consists of cost of sales excluding DDA plus DDA.

Gross margin excluding depletion, depreciation and amortization for the year ended 2016 was $758.7 million, compared to $705.5 million in 2015, which resulted from a revenue increase of $67.1 million, partially offset by an increase in cost of sales excluding DDA of $15 million.

DDA expense for the year ended December 31, 2016 was $462.3 million, compared to $503.9 million for the same period of 2015. DDA expense was lower than prior year mainly due to lower asset book values due to the impairment charges recorded in the fourth quarter of 2015, a portion of which related to producing properties. This was partly offset by the addition of DDA expense associated with the RDM mine acquired in April 2016.

Other expenses and income include general and administrative, exploration and evaluation, other expenses and net finance expense totalling $297.0 million for the year ended December 31, 2016, compared to $311 million in 2015:

- General and administrative expenses were $100.2 million, compared to $110.1 million in 2015. 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 $14.9 million, compared to $18.7 million in 2015. Lower exploration and evaluation expenses, relative to 2015, are the result of lower district exploration.
- Other expenses were $39.7 million, compared to $69.6 million in 2015. Other expenses in 2015 include an equity loss from associate of $17.5 million with no current period comparative balance. The current year expenses reflect a gain on Sandstorm warrants of $16.3 million with no prior year comparative balance.
- Net finance expense was $142.2 million, compared to net finance expense of $112.6 million for the same period in 2015. Higher net finance expense is mainly due to:
    - an increase in expense of $58.9 million resulting from non-cash unrealized foreign exchange loss of $33.7 million in the current year, compared to a gain of $25.2 million in 2015,
    - lower interest expense of $8.4 million on long-term debt in the current year due to the repayment of revolving debt,
    - decrease in finance expense as the 2015 finance expense includes realized loss on derivatives for $19.8 million with no current period comparative balance.

Income tax recovery for the year ended December 31, 2016 was $324.9 million, compared to a recovery of $476.3 million in 2015. Income tax expense for the period includes a $20.0 million unrealized foreign exchange gain in tax, compared to a $201.5 million unrealized foreign exchange loss in tax in 2015.

5.2 Annual Overview of Operating Results

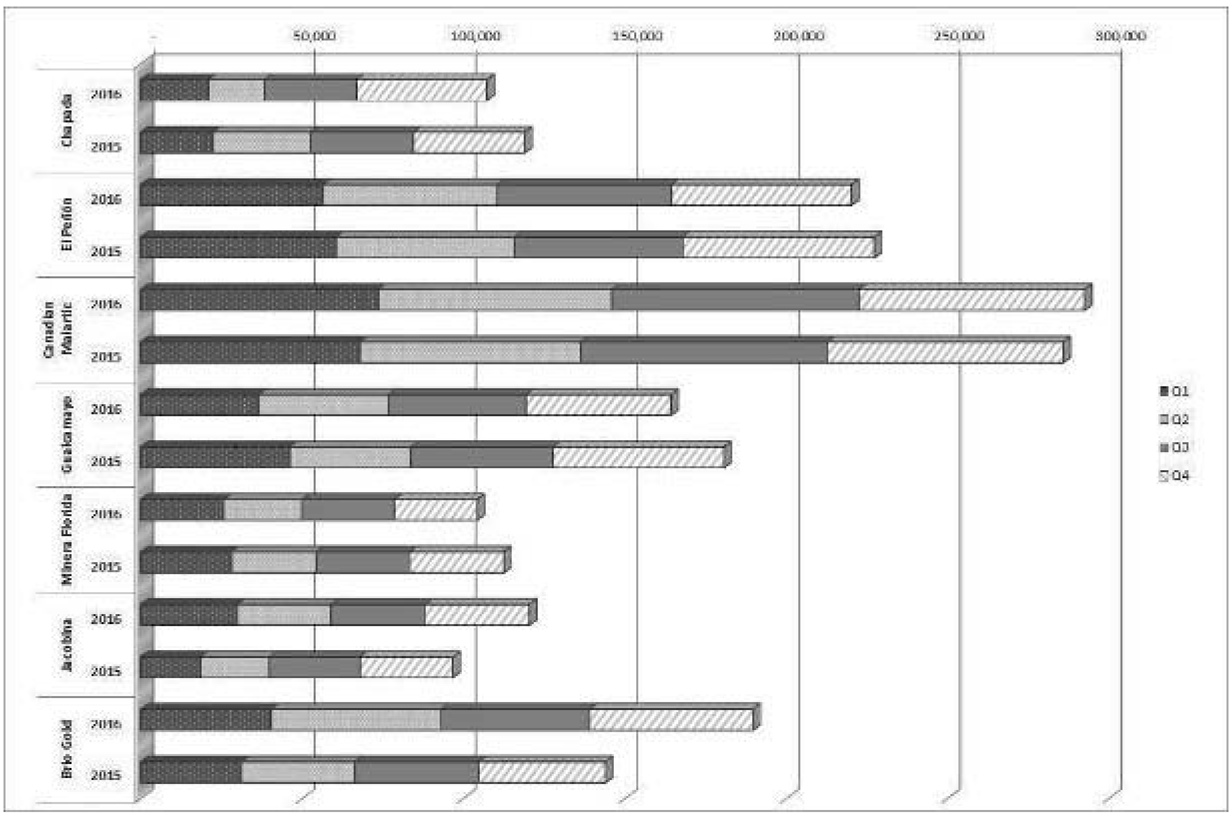
For the twelve months ended December 31, 2016

Gold production for 2016 was higher than the comparative period in 2015. Production at most mines was generally in line with or above target. Notably, Canadian Malartic achieved a record level of annual production of gold since the inception of the mine.

Gold

Production from continuing operations in 2016 was 1,198,741 ounces of gold, higher by 3%, compared to 1,166,223 ounces of gold produced in 2015. Production increases over 2015 includes an increase of 25% at Jacobina, 2% at Canadian Malartic and 31% at the Brio Gold mines. These increases were partly offset by decreases at Chapada of 10% due to the second quarter in-pit crusher failure, at Gualcamayo of 9% due to lower feed grade and recovery rate, and 7% at Minera Florida as the result of lower throughput. As a whole, gold production was in line with expectations.

The following summarizes the total ounces of gold production by mine for the year 2016, relative to 2015:



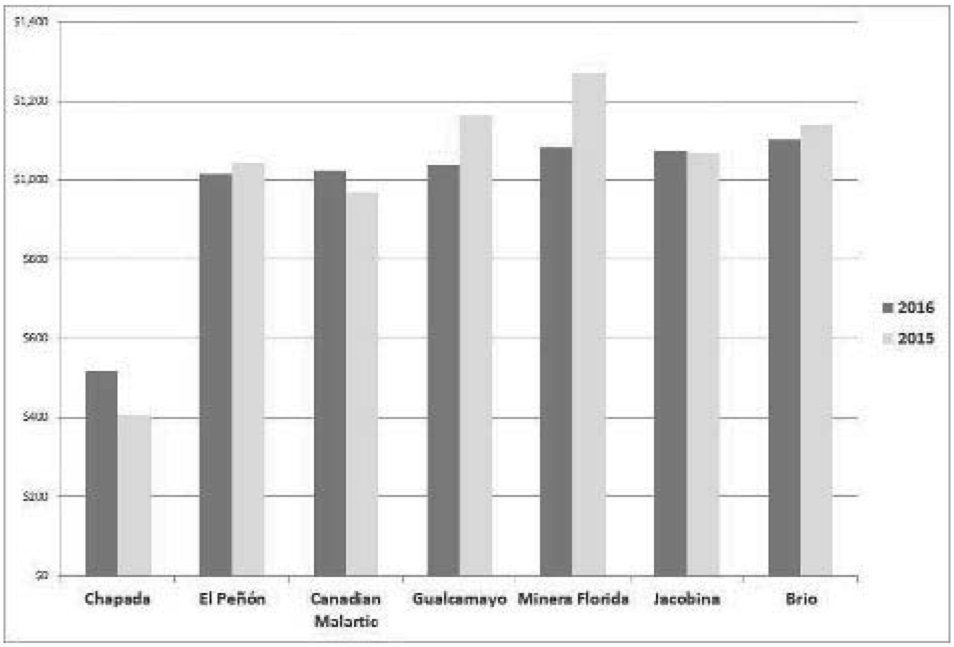
Total cost of sales per ounce of gold in 2016, excluding Brio Gold, was $991 per ounce sold, compared to $1,000 per ounce sold in 2015. Including Brio Gold, total cost of sales per ounce of gold in 2016 was $1,008 per ounce sold, compared to $1,018 per ounce sold in 2015.

Co-product cash costs (a non-GAAP financial measure, see *Section 14*) from continuing operations, excluding Brio Gold, for 2016 were $650 per ounce of gold produced, compared to $644 per ounce of gold produced for 2015. Including Brio Gold, co-product cash costs (a non-GAAP financial measure, see *Section 14*) were $665 per ounce of gold produced, compared to $653 per ounce of gold produced for 2015, representing a slight 2% year-over-year increase.

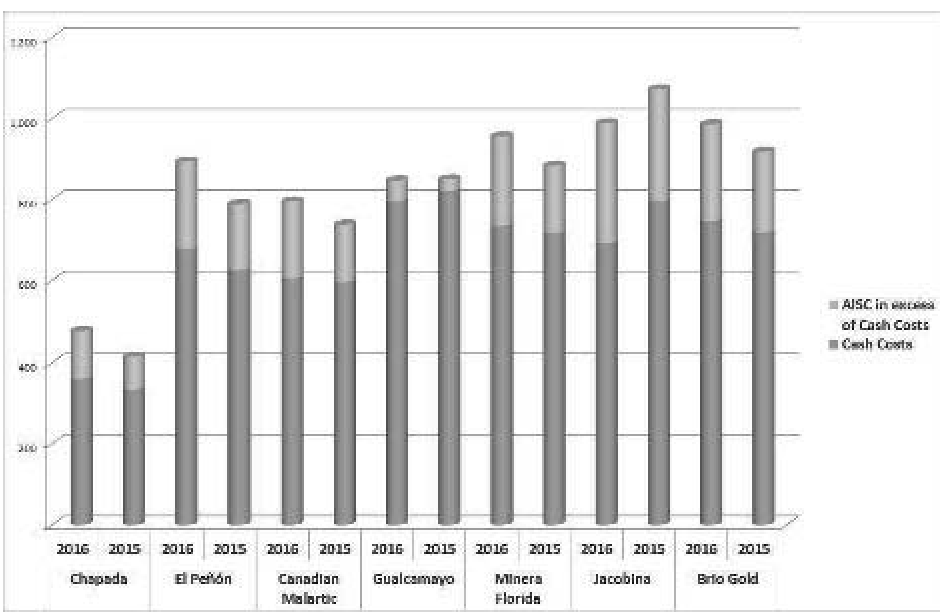
On a co-product basis, AISC (a non-GAAP financial measure, see *Section 14*) from continuing operations, excluding Brio Gold, were $897 per ounce of gold produced for 2016, compared to $846 per ounce of gold produced for 2015. Including Brio Gold, AISC were $911 per ounce of gold produced for 2016, compared to $855 per ounce of gold produced for 2015, representing a 7% increase.

Total cost of sales per ounce sold, co-product cash costs per ounce produced and co-product AISC per ounce produced were negatively impacted by higher operating costs and lower production at several operating mines, offset by several ongoing cost containment initiatives. Total cost of sales per gold ounce was positively impacted from lower DDA resulting from the impairment taken in the fourth quarter of 2015.

The following summarizes total cost of sales per ounce of gold sold by mine from continuing operations for 2016, relative to 2015:



The following summarizes co-product AISC and the respective cash costs per ounce of gold produced component by mine for 2016, relative to 2015:



Silver

Silver production from continuing operations for 2016 was 6.7 million ounces, compared to the 8.6 million ounces in 2015. Mine sequence at certain locations continues to extract from areas with lower silver grades. Production was in line with expectations for silver.

Total cost of sales for silver in 2016 was $13.79 per ounce sold, compared to $14.13 per ounce sold in 2015. Co-product cash costs (a non-GAAP financial measure, see *Section 14*) for 2016 were $8.96 per ounce of silver produced, compared to $8.40 per ounce of silver produced in 2015. On a co-product basis, AISC (a non-GAAP financial measure, see *Section 14*) was $12.65 per ounce of silver produced, compared to $11.51 per ounce of silver produced in 2015.

Copper

Total copper production for 2016 was 115.5 million pounds, compared to 131.0 million pounds for 2015 impacted by the operating challenges experienced at Chapada in the second quarter as discussed in the 2016 second quarter MD&A relative to the operational issues that impacted production including a mechanical failure with its in-pit gyratory crusher and weather related issues which made access to high-grade ore more difficult.

Total cost of sales for copper in 2016 was $1.93 per pound sold, compared to $1.71 per pound sold in 2015. Co-product cash costs (a non-GAAP financial measure, see *Section 14*) for 2016 were $1.58 per pound of copper produced from the Chapada mine, compared to $1.47 per pound of copper produced in the same period of 2015, representing a 7% increase.

On a co-product basis, AISC (a non-GAAP financial measure, see *Section 14*) was $2.03 per pound of copper produced at Chapada, compared to $1.77 per pound of copper produced at Chapada in 2015.

The increase in cost on a per ounce basis are related to lower copper production at Chapada associated to the mechanical failure that occurred late in the second quarter and was remediated in the third quarter.

5.3 Fourth Quarter Overview of Financial Results

For the three months ended December 31, (In millions of US Dollars; unless otherwise noted)		**2016**		2015
Revenues	**$**	**484.4**	$	439.1
Cost of sales excluding depletion, depreciation and amortization		**(284.1)**		(252.5)
Gross margin	**$**	**200.3**	$	186.6
Depletion, depreciation and amortization		**(128.3)**		(137.4)
Impairment of mining properties		**(711.3)**		(1,469.0)
Mine operating loss	**$**	**(639.3)**	$	(1,419.8)
Other expenses *(i)*		**(81.5)**		(131.3)
Equity loss from associate		**—**		(0.2)
Impairment of non-operating mineral properties		**96.2**		(567.1)
Loss from operations before income taxes	**$**	**(624.6)**	$	(2,118.4)
Income tax recovery/(expense)		**269.2**		669.8
Loss from continuing operations	**$**	**(355.4)**	$	(1,448.6)
Loss from discontinuing operations		**(12.6)**		(393.5)
Net loss	**$**	**(368.0)**	$	(1,842.1)
Earnings adjustments *(ii)*:				
Net loss from continuing operations	**$**	**(355.4)**	$	(1,448.6)
Non-cash unrealized foreign exchange (gains)/losses		**8.8**		16.3
Share-based payments/mark-to-market of deferred share units		**(2.3)**		7.6
Demobilization and reorganization costs		**0.9**		0.8
Loss on sale of assets		**2.6**		5.0
Impairment of mining and non-operational mineral properties		**615.1**		2,036.1
Impairment of investment in available-for-sale securities and other assets		**4.2**		35.7
Other non-cash provisions and adjustments		**7.0**		(2.2)
Adjusted earnings before income tax effect	**$**	**280.9**	$	650.7
Non-cash tax on unrealized foreign exchange gains		**50.8**		0.2
Income tax effect of adjustments		**(325.0)**		(657.3)
Adjusted earnings/(loss) from continuing operations *(ii)*	**$**	**6.7**	$	(6.4)
Net loss per share from continuing operations *(iii)* - basic and diluted	**$**	**(0.38)**	$	(1.53)
Net loss per share *(iii)* - basic and diluted	**$**	**(0.39)**	$	(1.95)
Adjusted earnings/(loss) per share from continuing operations attributable to Yamana Gold Inc. equity holders *(ii)(iii)* - basic and diluted	**$**	**0.01**	$	(0.01)
Adjusted Operating Cash Flows *(ii)*:				
Cash flows from operating activities before changes in working capital	**$**	**147.7**	$	294.3
Cash portion of deferred revenue		**—**		(148.0)
Cash portion of reorganization costs		**—**		0.9
Adjusted Operating Cash Flows	**$**	**147.7**	$	147.2

(i) For the three-months ended December 31, 2016, other expenses represent the aggregate of the following expenses: general and administrative of $29.9 million (2015 - $26.8 million), exploration and evaluation of $3.0 million (2015 - $6.2 million), other operating expense of $19.0 million (2015 - $36.2 million) and net finance expense of $29.6 million (2015 - $62.2 million).

(ii) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements 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) Attributable to Yamana Gold Inc. equityholders.

For the three months ended December 31, 2016

Net loss from continuing operations attributable to Yamana equity holders for the three months ended December 31, 2016 was $355.44 million or $0.38 per share basic and diluted, compared to net loss from continuing operations attributable to Yamana equity holders of $1.45 billion or $1.53 per share basic and diluted for the three months ended December 31, 2015. Net loss from continuing operations for 2016 includes the non-cash impairment charges totalling $615.1 million, or $379.9 million after tax.

Adjusted earnings (a non-GAAP measure, see *Section 14*) from continuing operations was $6.7 million or $0.01 per share for the three months ended December 31, 2016, compared to adjusted loss of $6.4 million or $0.01 per share for the same period of 2015. Mine operating loss for the three months ended December 31, 2016 were $639.3 million, compared to $1,419.8 million for the same period in 2015. Adjusted loss and mine operating loss for the period were better than the previous year due to lower impairment of mining properties, higher realized metal prices and partially offset by lower sales.

Income tax recovery for the three months ended December 31, 2016 was $269.2 million, compared to an income tax recovery of $669.8 million for the same period in 2015.

Revenue for the three months ended December 31, 2016 was $484.4 million, compared to the $439.1 million for the same period of 2015, as a result of higher metal prices, partly offset by lower copper sales. Revenue for the fourth quarter was generated from the sale of 324,197 ounces of gold, 1.6 million ounces of silver and 34.2 million pounds of copper. This compares to sales, of 342,194 ounces of gold, 1.9 million ounces of silver and 38.6 million pounds of copper for the three months ended December 31, 2015. It should be noted that revenue per ounce of gold and revenue per pound of copper are net of treatment and refining charges and sales taxes, therefore are lower than the corresponding average realized prices of these metals.

Revenue per ounce of gold was $1,196 per ounce of gold, $17.11 per ounce of silver, and $2.02 per pound of copper for three months ended December 31, 2016, compared to revenue per ounce of gold was $1,051, per ounce of silver of $14.35 and per pound of copper of $1.73 for the three months ended December 31, 2015. The average realized price was $1,210 per ounce of gold, $17.17 per ounce of silver and $2.48 per pound of copper for the three months ended December, 31, 2016, compared to $1,101 per ounce of gold, $14.67 per ounce of silver and $2.22 per pound of copper for the three months ended December 31, 2015.

Revenue for the quarter comprised the following:

For the three months ended December 31,	2016					2015
(In millions of US Dollars; unless otherwise noted)	**Quantity Sold *(ii)***			**Revenue per ounce/pound**	**Revenue**	Revenue
Gold *(i)*	**324,197**	**oz**	**$**	**1,196**	**$ 387.7**	$ 347.1
Silver	**1,619,208**	**oz**	**$**	**17.11**	**27.7**	26.1
Copper *(i)*	**34,182,827**	**lbs**	**$**	**2.02**	**69.0**	65.9
Revenue *(ii)*					**$ 484.4**	$ 439.1

For the three months ended December 31,	**2016**					2015
(In millions of US Dollars; unless otherwise noted)	**Quantity Sold *(ii)***			**Realized Price**	**Revenue**	Revenue
Gold *(i)*	**324,197**	**oz**	**$**	**1,210**	**$ 392.4**	$ 354.4
Silver	**1,567,916**	**oz**	**$**	**17.30**	**27.1**	26.1
Silver subject to metal sales agreement *(iii)*	**51,292**	**oz**	**$**	**13.02**	**0.7**	—
	1,619,208	**oz**	**$**	**17.17**		
Copper (i)	**32,198,185**		**$**	**2.52**	**81.0**	87.4
Copper subject to metal sales agreement *(iii)*	**1,984,642**	**lbs**	**$**	**1.87**	**3.7**	—
	34,182,827	**lbs**	**$**	**2.48**		
Gross revenue					**$ 504.9**	$ 467.9
(Deduct)/add:						
- Treatment and refining charges of gold and copper concentrate					**(11.0)**	(13.9)
- Sales taxes					**(4.9)**	(6.4)
- Metal price adjustments related to concentrate revenue					**(4.6)**	(9.3)
- Other adjustments					**0.0**	0.8
Revenue *(ii)*					**$ 484.4**	$ 439.1

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

(ii) Excludes Mercedes which is a discontinued operation.

(iii) Balances represent the metals sold under the metal sales agreement with Sandstorm Gold Inc. and Altius Minerals Corp. in respect of the period including deferred revenue amortized of $2.8 million.

Cost of sales excluding depletion, depreciation and amortization for the three months ended December 31, 2016 was $284.1 million compared to $252.5 million for the same period in 2015. Cost of sales excluding depletion, depreciation and amortization for the fourth quarter was higher than that of the same period in 2015 as a result of higher operating costs, resulting partially from the stronger Brazilian Real and Chilean Peso in the fourth quarter of 2016.

The following table provides a reconciliation of the cost of sales per ounce of gold/ silver, pound of copper sold to the total cost of sales for the quarter:

For the three months ended December 31,			**2016**			2015
(In millions of US Dollars; unless otherwise noted)	***Commercial Gold/Silver ounces, pounds of Copper Sold***			**Cost of Sales per Gold/Silver ounce, pound of Copper Sold**	**Total Cost of Sales**	Total Cost of Sales
Chapada — Gold	**41,048**	**oz**	**$**	**335 $**	**13.8** $	15.7
Chapada — Silver	**58,688**	**oz**	**$**	**4.79**	**0.3**	0.3
Chapada — Copper	**34,182,827**	**lbs**	**$**	**1.79**	**61.2**	54.4
El Peñón — Gold	**57,144**	**oz**	**$**	**1,075**	**61.4**	58.6
El Peñón — Silver	**1,466,650**	**oz**	**$**	**16.08**	**23.6**	19.4
Gualcamayo — Gold	**47,615**	**oz**	**$**	**953**	**45.4**	57.0
Canadian Malartic — Gold (50% interest)	**73,007**	**oz**	**$**	**1,056**	**77.1**	73.5
Minera Florida — Gold	**25,325**	**oz**	**$**	**924**	**23.4**	36.5
Minera Florida — Silver	**93,870**	**oz**	**$**	**13.37**	**1.3**	3.2
Jacobina — Gold	**30,058**	**oz**	**$**	**1,123**	**33.8**	24.4
Brio Gold - Gold	**50,000**	**oz**	**$**	**1,384**	**69.2**	43.9
Corporate office & other					**1.9**	3.0
Total cost of sales *(ii)*				**$**	**412.4** $	389.9
Cost of sales excluding depletion, depreciation and amortization ***(ii)***				**$**	**284.1** $	252.5
Depletion, depreciation and amortization ***(ii)***				**$**	**128.3** $	137.4
Total cost of sales *(ii) (iii)*				**$**	**412.4** $	389.9

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,				**2016**			2015
(In millions of US Dollars; unless otherwise noted)	**Gold/Silver ounces or pounds of Copper Produced *(iii)***			**Co-Product Cash Cost per Unit**		**Total Costs**	Total Costs
Chapada — Gold	**40,358**	**oz**	**$**	**275**	**$**	**11.1**	$ 9.7
Chapada — Silver	**78,020.4**	**oz**	**$**	**3.17**		**0.2**	0.2
Chapada — Copper	**36,869,468.7**	**lbs**	**$**	**1.45**		**53.5**	47.8
El Peñón — Gold	**55,763.86**	**oz**	**$**	**714**		**39.8**	35.2
El Peñón — Silver	**1,454,293**	**oz**	**$**	**10.40**		**15.1**	12.3
Gualcamayo — Gold	**44,840**	**oz**	**$**	**734**		**32.9**	42.7
Canadian Malartic — Gold (50% interest)	**69,971**	**oz**	**$**	**634**		**44.4**	44.2
Minera Florida — Gold	**25,674.94**	**oz**	**$**	**730**		**18.7**	19.4
Minera Florida — Silver	**94,738**	**oz**	**$**	**10.63**		**1.0**	1.8
Jacobina — Gold	**32,180**	**oz**	**$**	**742**		**23.9**	17.6
Brio Gold - Gold	**50,477**	**oz**	**$**	**832**		**42.0**	23.9
Co-product cash cost of metal produced *(i)*					**$**	**282.6**	$ 254.8
Add (deduct):							
- Inventory movements and adjustments						**5.9**	7.6
- Treatment and refining charges of gold and copper concentrate						**(11.0)**	(13.1)
- Commercial and other costs						**3.5**	1.3
- Overseas freight for Chapada concentrate						**3.1**	1.9
Cost of sales excluding depletion, depreciation and amortization *(ii)*					**$**	**284.1**	$ 252.5
Depreciation, depletion and amortization *(ii)*					**$**	**128.3**	$ 137.4
Total cost of sales *(ii) (iii)*					**$**	**412.4**	$ 389.9

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements is included in *Section 14* of this Management's Discussion and Analysis of Operations and Financial Condition.

(ii) Excludes Mercedes which is a discontinued operation.

(iii) Total cost of sales consists of cost of sales excluding DDA plus DDA.

Depletion, depreciation and amortization ("DDA") expense for the three months ended December 31, 2016 was $128.3 million compared to $137.4 million for the same period of 2015. 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. Furthermore, the DDA is lower than the same quarter of 2015 mainly due to lower asset book values due to the impairment charges recorded in the fourth quarter of 2015.

Other expenses, as discussed below, include general and administrative, exploration and evaluation, other and net finance expenses were $81.5 million for the three months ended December 31, 2016, compared to $131.3 million for the same period in 2015:

- General and administrative expenses were $29.9 million, compared to $26.8 million for the same period in 2015. Although the expense for the period is higher than the comparative period, this is predominantly the result of timing differences on when the expenses were incurred. For 2016, the general and administrative expense decrease over the prior year reflects the cost containment initiatives undertaken by the Company to respond to the current economic environment, offset by additional expenses in relation to the formation of Brio Gold with no comparative figures in 2015.

- Exploration and evaluation expenses were $3.0 million, compared to $6.2 million for the same period in 2015. Lower exploration and evaluation expenses, relative to 2015, are the result of lower district exploration.

- Other expenses were $19.0 million, compared to $36.2 million for the same period of 2015. Other expenses in current period includes a recovery of $5.3 million related to mark-to-market of deferred share units, compared to a recovery of $0.8 million in the same period 2015. Additionally, 2015 other operating expenses also includes the provision against the $6 million option payment which was subsequently reversed in the first quarter of 2016 when the monetization efforts of Brio Gold Inc resumed.

- Net finance expense was $29.6 million compared to net finance expense of $62.2 million for the same period in 2015. Finance expense in 2015 includes foreign exchange losses of $16.3 million, compared to a loss of $8.79 million in the fourth quarter of 2016 and $18.5 million in derivative losses related to non-operating mines, with no comparatives in the current fourth quarter.

5.4 Fourth Quarter Overview of Operating Results

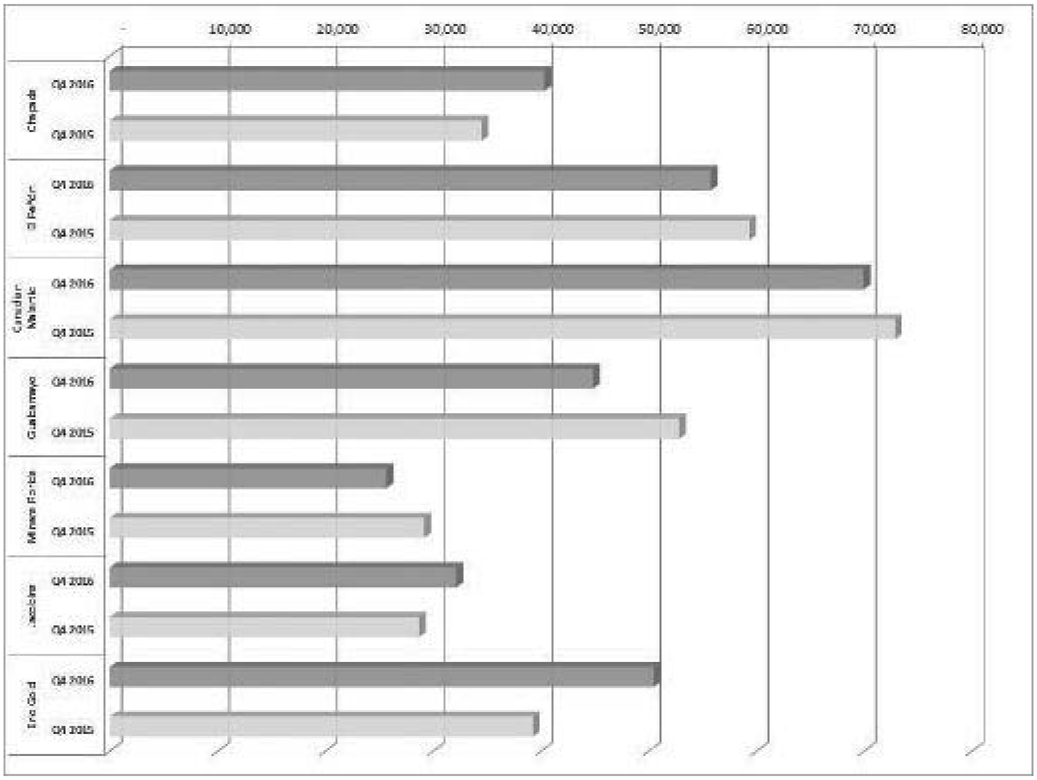
For the three months ended December 31, 2016

Gold production attributable to the Company from continuing operations for the fourth quarter of 2016 was lower than the fourth quarter in 2015 due to the absence of production contribution from Mercedes, which was divested in September 2016. Gold production attributable to the Company increased if Mercedes is excluded from the 2015 comparative. Fourth quarter production of both gold and copper was 1% higher than the comparative quarter of 2015, and was in line with expectations at all mines except at Gualcamayo, Minera Florida and El Peñón, where the new veins mined are narrower than previously experienced. Lower gold production at Gualcamayo and El Peñón was attributable to lower feed grade, and at Minera Florida was due to lower throughput. Lower silver production, compared to the fourth quarter of 2015, was anticipated due to lower planned feed grade. Production at both El Peñón and Mineral Florida was also impacted by the collective bargaining agreement negotiations in December. Total fourth quarter gold production attributable to the Company from continuing operations represents consecutive quarterly increases since the first quarter of 2016.

Gold

Fourth quarter gold production from continuing operations was 319,265 ounces of gold, compared to 316,795 ounces of gold produced in the fourth quarter of 2015. Individual mine quarterly results over the fourth quarter of 2015 included an increase of 17% at Chapada, 12% at Jacobina and 26% of the Brio Gold mines, mainly as a result of the production from the newly acquired RDM. These increases were partly offset by decreases of 15% at Gualcamayo, 12% at Minera Florida, 6% at El Peñón and 4% at Canadian Malartic. The decrease at Gualcamayo was the result of lower recoveries from the deep part of the open-pit, offset by the overall higher gold grades mined and higher recovery of ounces from inventory. The decrease at Minera Florida was due to lower throughput as the result of collective bargaining agreement negotiations in December, which adversely impacted productivity.

The following summarizes the total ounces of gold production by mine from continuing operations for the fourth quarter of 2016, relative to the comparative quarter in 2015:



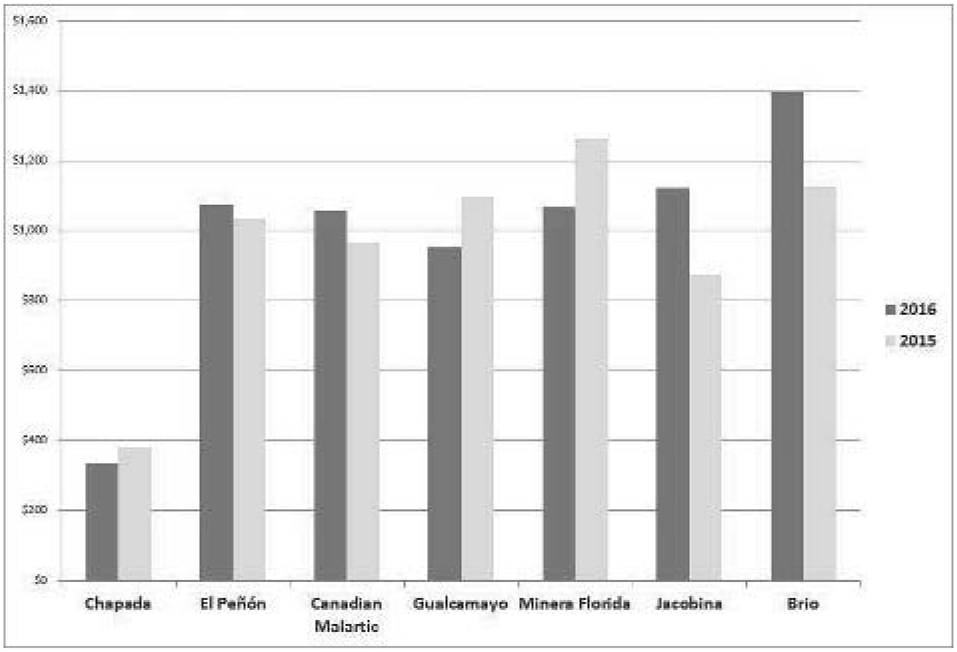
Total cost of sales per ounce of gold in the fourth quarter of 2016, excluding Brio Gold, was $935 per ounce sold, unchanged from the same quarter of 2015. Including Brio Gold, total cost of sales for gold in the fourth quarter of 2016 was $1,004 per ounce sold, compared to $959 per ounce sold in the same period of 2015.

Co-product cash costs (a non-GAAP financial measure, see *Section 14*) from continuing operations attributable to the Company for the fourth 2016 were $635 per ounce of gold produced, compared to $608 per ounce of gold produced for the same quarter of 2015. Including Brio Gold, co-product cash costs from continuing operations (a non-GAAP financial measure, see *Section 14*) for the fourth quarter were $667 per ounce of gold produced, compared to $609 per ounce of gold produced for the fourth quarter of 2015, representing an 10% increase.

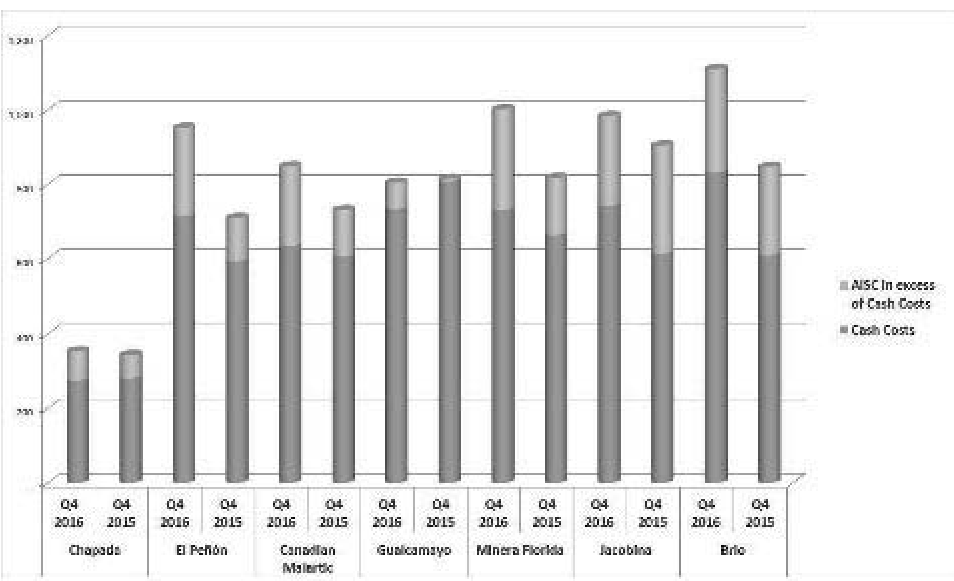
On a co-product basis, AISC (a non-GAAP financial measure, see *Section 14*) from continuing operations, excluding Brio Gold, were $894 per ounce of gold produced for the fourth quarter of 2016, compared to $773 per ounce of gold produced for same quarter of 2015. Including Brio Gold, co-product AISC (a non-GAAP financial measure, see *Section 14*) from continuing operations were $928 per ounce of gold produced for the fourth quarter, compared to $782 per ounce of gold produced for the fourth quarter of 2015, representing a 19% increase.

Costs were higher due to the foreign exchange effect of the appreciation of the Brazilian Real and Chilean Peso. Additionally, co-product AISC increased, in part due to higher sustaining capital expenditures and mine development, in line with plans.

The following summarizes total cost of sales per ounce of gold sold by mine from continuing operations for the fourth quarter of 2016, relative to the comparative quarter in 2015:



The following summarizes co-product AISC and the respective cash costs per ounce of gold produced component by mine from continuing operations for the fourth quarter of 2016, relative to the comparative quarter in 2015:



Silver

Fourth quarter silver production from continuing operations was 1.6 million ounces, compared to the 1.9 million ounces in the same quarter of 2015. Mine sequencing at certain locations continued to extract from areas with lower silver grades in comparison to the same period of 2015. Production was in line with expectations for silver.

Total cost of sales for silver in the fourth quarter of 2016 was $15.58 per ounce sold, compared to $13.44 per ounce sold in the same period of 2015. Co-product cash costs (a non-GAAP financial measure, see *Section 14*) for the fourth quarter were $10.07 per ounce of silver produced, compared to $7.71 per ounce of silver produced in the fourth quarter of 2015. Co-product AISC (a non-GAAP financial measure, see *Section 14*) from continuing operations were $14.48 per ounce of silver produced for the fourth quarter, compared to $9.93 per ounce of silver produced for the fourth quarter of 2015.

The increases are predominantly due to the appreciation of the Chilean Peso and lower silver production which increases the fixed charge allocation per ounce.

Copper

Total copper production for the fourth quarter of 2016 was 36.9 million pounds, compared to 36.6 million pounds for the same period of 2015 higher production was attributable to higher recovery rate and partly offset by lower feed grade at Chapada.

Total cost of sales for copper in the fourth quarter of 2016 was $1.80 per pound sold, compared to $1.48 per pound sold in the same period of 2015. Co-product cash costs per pound of copper (a non-GAAP financial measure, see *Section 14*) were $1.44 per pound produced from the Chapada mine, compared to $1.31 per pound of copper produced in the fourth quarter of 2015, representing a 10% increase. Co-product AISC (a non-GAAP financial measure, see *Section 14*) from continuing operations were $1.44 per pound of Chapada copper produced for the fourth quarter, compared to $1.31 per pound of Chapada copper produced for the fourth quarter of 2015.

The increases are predominantly due to the appreciation of the Brazilian Real.

6. OPERATING MINES

CHAPADA, BRAZIL

Operating Statistics		For the three months ended December 31, 2016	2015			For the years ended December 31, 2016	2015	
Production								
Concentrate (tonnes)		**68,375**	70,255	**(3)%**		**216,332**	242,523	**(11)%**
Gold contained in concentrate (ounces)		**40,358**	34,498	**17%**		**107,301**	119,059	**(10)%**
Silver contained in concentrate (ounces)		**78,020**	70,547	**11%**		**259,444**	274,533	**(5)%**
Copper contained in concentrate (millions of pounds)		**36.9**	36.6	**1%**		**115.5**	131.0	**(12)%**
Total cost of sales per gold ounce sold	**$**	**335** $	312	**7%**	**$**	**489** $	406	**20%**
Total cost of sales per silver ounce sold	**$**	**4.79** $	4.31	**11%**	**$**	**7.05** $	4.52	**56%**
Total cost of sales per pound of copper sold	**$**	**1.79** $	1.48	**21%**	**$**	**1.92** $	1.71	**12%**
Co-product cash costs per gold ounce produced *(i)*	**$**	**275** $	280	**(2)%**	**$**	**359** $	333	**8%**
Co-product cash costs per silver ounce produced *(i)*	**$**	**3.17** $	3.06	**4%**	**$**	**3.21** $	3.19	**1%**
Co-product cash costs per pound of copper produced *(i)*	**$**	**1.44** $	1.31	**10%**	**$**	**1.58** $	1.47	**7%**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$**	**354** $	344	**3%**	**$**	**478** $	415	**15%**
All-in sustaining co-product costs per silver ounce produced *(i)*	**$**	**3.99** $	3.71	**8%**	**$**	**4.20** $	3.93	**7%**
All-in sustaining co-product costs per pound of copper produced *(i)*	**$**	**1.80** $	1.55	**16%**	**$**	**2.03** $	1.77	**15%**
Ore mined (tonnes)		**6,161,717**	6,141,855	**—%**		**17,223,764**	19,959,943	**(14)%**
Waste mined (tonnes)		**12,132,644**	7,428,183	**63%**		**27,751,926**	24,784,951	**12%**
Ore processed (tonnes)		**5,740,743**	5,421,519	**6%**		**19,779,013**	19,896,894	**(1)%**
Gold feed grade (g/t)		**0.36**	0.36	**(1)%**		**0.30**	0.33	**(9)%**
Copper feed grade (%)		**0.36**	0.39	**(7)%**		**0.34**	0.37	**(8)%**
Concentrate grade - gold (g/t)		**18.43**	15.27	**21%**		**15.45**	15.27	**1%**
Concentrate grade - copper (%)		**24.55**	23.63	**4%**		**24.26**	24.50	**(1)%**
Gold recovery rate (%)		**60.4**	54.2	**11%**		**56.9**	56.8	**—%**
Copper recovery rate (%)		**81.0**	78.7	**3%**		**77.2**	80.0	**(4)%**
Sales *(ii)*								
Concentrate (tonnes)		**68,477**	74,538	**(8)%**		**217,180**	240,790	**(10)%**
Payable ounces contained in concentrate								
Payable gold contained in concentrate (ounces)		**41,048**	41,154	**—%**		**92,807**	121,477	**(24)%**
Payable silver contained in concentrate (ounces)		**58,688**	60,907	**(4)%**		**131,339**	205,127	**(36)%**
Payable copper contained in concentrate (millions of pounds)		**34.2**	38.6	**(11)%**		**104.9**	126.0	**(17)%**
Treatment and refining charges of gold and copper concentrate (millions of Dollars)	**$**	**11.0** $	12.9	**(15)%**	**$**	**32.9** $	41.0	**(20)%**
Metal price adjustments (credit)/charge related to concentrate revenue (millions of Dollars)	**$**	**4.6** $	9.3	**(51)%**	**$**	**(3.0)**$	30.6	**(110)%**
Depletion, depreciation and amortization								
Per gold ounces sold	**$**	**63** $	68	**(7)%**	**$**	**97** $	71	**37%**
Per silver ounces sold	**$**	**1.70** $	0.94	**81%**	**$**	**1.40** $	0.86	**63%**
Per copper pound sold	**$**	**0.31** $	0.30	**3%**	**$**	**0.35** $	0.28	**25%**

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements 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 2016 and following sequential quarter-over-quarter production increases, it met overall production targets for 2016. At Chapada, fourth quarter production increased for gold by 17%, silver by 11% and copper by 1%, compared to fourth quarter of 2015, mostly was the result of improved metal recovery rates and increased throughput. The recovery rates were higher as a result of initiatives undertaken by the Company in the second and third quarters to improve metallurgical recovery.

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 completed in the second quarter of 2016 continued to perform as expected with significant improvement on recovery. The processing optimization undertaken during the fourth quarter is showing good results with additional recovery increase and stability with mill throughput. The project should be completed during the first quarter of 2017 with the commissioning of a fully integrated processing control system. Following the evaluation of further processing improvement, mine management took the decision to expand the cleaning circuit by installing additional flotation cells and the retrofitting of some key components of the existing cleaner circuit. The main objective is to increase gold and copper recovery by increasing the solution residency time during the flotation process. The cleaning circuit expansion should be commissioned during the fourth quarter of 2017. 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 and profitability in a variety of metal price environments, solidifying its status as a low cost producer.

Chapada sold 41,048 ounces of gold at total cost of sales $335 per ounce of gold sold, and 58,688 ounces of silver at total cost of sales of $4.79 per ounce of silver sold in the fourth quarter of 2016, compared to 41,154 ounces of gold sold at total cost of sales of $312 per ounce of gold sold and 60,907 ounces of silver sold at total cost of sales of $4.31 per ounce of silver sold in the fourth quarter of 2015. Production in the fourth quarter of 2016 was 40,358 ounces of gold and 78,020 ounces of silver, compared to 34,498 ounces of gold and 70,547 ounces of silver in the same period of 2015. Co-product cash costs were $275 per ounce of gold produced and $3.17 per ounce of silver in the three months ended December 31, 2016, compared to $280 per ounce of gold produced and $3.06 per ounce of silver produced in the same quarter of 2015. Co-product AISC were $354 per gold ounce produced and $3.99 per silver ounce produced, compared to $344 per gold ounce produced and $3.71 per silver ounce produced in the same quarter of 2015.

Lower total cost of sales per gold ounce sold and co-product cash costs per gold ounce produced benefited from the improved recovery rates in the fourth quarter that resulted in higher production levels. Co-product AISC per gold ounce produced was higher than the same quarter of 2015 due to an increase in sustaining capital expenditures related to the preparation of Corpo Sul for ore extraction in 2017. Total cost of sales per ounces sold, co-product cash costs per ounce produced and co-product AISC per ounce produced were all negatively affected by the strengthening of the Brazilian Real in the fourth quarter, compared to the same quarter of 2015.

Chapada sold 34.2 million pounds of copper at total cost of sales of $1.79 per pound of copper sold in the three months ended December 31, 2016, compared to the sale of 38.6 million pounds of copper at total cost of sales of $1.48 per pound of copper sold in the fourth quarter of 2015. Copper production was 36.9 million pounds in the fourth quarter of 2015, compared to production of 36.6 million pounds of copper for the same quarter of 2014. Co-product cash costs were $1.44 per pound of copper produced in the fourth quarter compared to $1.31 per pound of copper produced for the same quarter of 2014.

Cost of sales per copper pound sold, co-product cash costs per copper pound produced, and co-product AISC per copper pound produced increased due to the strengthening of the Brazilian Real, and co-product AISC was further impacted by the aforementioned Corpo Sul sustaining capital.

In the year ended December 31, 2016, Chapada sold 92,807 ounces of gold and 131,339 ounces of silver at total cost of sales of $489 per ounce of gold sold and $7.05 per ounce of silver sold, compared to 121,477 ounces of gold sold and 205,127 ounces of silver sold at total cost of sales of $406 per ounce of gold sold and $4.52 per ounce of silver sold in 2015. Chapada produced a total of 107,301 ounces of gold and 259,444 ounces of silver in the 2016, compared to 119,059 ounces of gold and 274,533 ounces of silver in 2015. Co-product cash costs were $359 per ounce of gold produced and $3.21 per ounce of silver produced in 2016, compared to $333 per ounce of gold produced and $3.19 per ounce of silver produced in 2015. Co-product AISC per ounce of gold produced were $478 in 2016, compared to $415 in 2015, and per ounce of silver produced were $4.20 in 2016, compared to $3.93 in 2015.

Chapada sold 104.9 million pounds of copper at total cost of sales of $1.92 per pound of copper sold in the 2016, compared to the sale of 126.0 million pounds of copper at total cost of sales of $1.71 per pound of copper sold in 2015. Copper production was 115.5 million pounds in 2016, compared to production of 131.0 million pounds of copper in 2015. Co-product cash costs for copper were $1.58 per pound produced in 2016, compared to $1.47 per pound produced in 2015. Co-product AISC per pound of copper produced were $2.03 in 2016, compared to $1.77 per pound of copper produced in 2015. Co-product AISC per pound of copper produced was higher as the result of higher sustaining capital expenditures incurred in order to prepare Corpo Sul for 2017 production.

Total cost of sales per ounce or pound sold, co-product cash costs per ounce or pound produced and all-in sustaining co-product costs per ounce or pound produced were impacted by lower production, partly offset by the depreciation of the Brazilian Real, year over year. Production for the year was impacted by the mechanical failure with its in-pit crusher in the second quarter of 2016. Operations resumed at regular throughput levels in August. Furthermore, co-product AISC per ounce or pound produced was higher as the result of higher sustaining capital expenditures incurred related to the aforementioned Corpo Sul preparation.

EL PEÑÓN, CHILE

	For the three months ended December 31,			*For the years ended December 31,*		
Operating Statistics	**2016**	2015		**2016**	2015	
Production						
Gold production (ounces)	**55,764**	59,375	**(6)%**	**220,209**	227,288	**(3)%**
Silver production (ounces)	**1,454,293**	1,584,280	**(8)%**	**6,020,758**	7,692,811	**(22)%**
Total cost of sales per gold ounce sold	**$ 1,075**	$ 1,019	**5%**	**$ 1,019**	$ 1,044	**(2)%**
Total cost of sales per silver ounce sold	**$ 16.08**	$ 13.23	**22%**	**$ 13.84**	$ 13.88	**—%**
Co-product cash costs per gold ounce produced *(i)*	**$ 714**	$ 544	**31%**	**$ 678**	$ 621	**9%**
Co-product cash costs per silver ounce produced *(i)*	**$ 10.40**	$ 9.32	**12%**	**$ 9.14**	$ 8.38	**9%**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$ 952**	$ 710	**34%**	**$ 893**	$ 788	**13%**
All-in sustaining co-product costs per silver ounce produced *(i)*	**$ 13.84**	$ 9.36	**48%**	**$ 12.04**	$ 10.75	**12%**
Ore mined (tonnes)	**332,394**	296,361	**12%**	**1,302,998**	1,177,506	**11%**
Ore processed (tonnes)	**358,833**	343,081	**5%**	**1,421,241**	1,418,130	**—%**
Gold feed grade (g/t)	**5.12**	5.66	**(10)%**	**5.11**	5.32	**(4)%**
Silver feed grade (g/t)	**149.66**	165.86	**(10)%**	**153.99**	194.02	**(21)%**
Gold recovery rate (%)	**94.3**	94.7	**—%**	**94.3**	93.6	**1%**
Silver recovery rate (%)	**84.5**	85.8	**(2)%**	**85.7**	86.9	**(1)%**
Sales						
Gold (ounces)	**57,144**	56,709	**1%**	**221,908**	224,753	**(1)%**
Silver (ounces)	**1,466,650**	1,528,409	**(4)%**	**6,043,380**	7,659,236	**(21)%**
Depletion, depreciation and amortization						
Per gold ounce sold	**$ 355**	$ 404	**(12)%**	**$ 404**	$ 405	**—%**
Per silver ounce sold	**$ 5.39**	$ 5.24	**3%**	**$ 5.24**	$ 5.45	**(4)%**

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At the El Peñón mine, the Company has recently completed a plan aimed at delivering a sustainable, longer term optimal production level, taking into account existing mineral reserves, conversion of mineral resources, current production levels and the recent narrow vein discoveries. Considerable amounts were spent on exploration and development at the mine and near mine and, among the objectives of revised mine plan initiatives, the Company sought to determine how to leverage such expenditures on exploration and development per year, allowing maximization of cash flow. The Company believes this approach is conducive to sustainable production over a longer period. The outcome of the evaluation envisages a mine with a production expectation of 140,000 ounces of gold and 4,150,000 ounces of silver, per year beginning in 2017.

Based on the exploration success near mine and in the district, as well as the mine design optimization in progress the Company could increase the production profile of the mine in the future. Generally, although recently discovered veins are narrow, the Company has begun to test for extensions of major vein structures including at Quebrada Colorada, Quebrada Orito, Bonanza and Providencia. This program has been successful locating extensions both above and beneath these previously mined stopes and widths and grades are consistent with historical wider veins. This program was begun only recently and insufficient information is available to determine how much this positive result will positively impact annual production. Construction of a two-kilometre tunnel extension to gain better access for drilling beneath these structures was approved in the fourth quarter and is now underway. The development is being done in four exploration ramps.

While there continues to be considerable geological potential at the mine and near mine, the mine began production in 1999 and since that time produced an approximate 4.7 million ounces of gold and 116 million ounces of silver. Further, the mine has been owned and operated by the Company since late 2007 and the mine has produced over 2.6 million gold ounces and 81 million silver ounces since that time.

Following the transition from the periphery areas of Aleste-Bonanza, where grades had been more erratic, production resumed at a normalized level into other vein structures. Full year production was below targeted levels as the Company continued to mine from narrower vein areas while evaluating the sustainable, long-term optimal production level at the mine.

At El Peñón, gold and silver production was lower by 6% and 8%, respectively, compared to fourth quarter of 2015, as the result of lower feed grades of gold and silver from the lower mining grade of the narrow veins and dilution, and was slightly impacted by the collective bargaining negotiations which modestly impacted productivity at the mine.

On January 17, 2017, the Company announced the resumption of operations at El Peñón after successfully concluding negotiations leading to collective bargaining agreements with the two unions representing underground workers after a brief suspension of operations, which started from January 7, 2017. The interruption in operations, which have now returned to normal, will not have a significant impact on mine and consolidated production in 2017.

El Peñón sold 57,144 ounces of gold and 1.47 million ounces of silver at total cost of sales $1,075 per ounce of gold sold and $16.08 per ounce of silver sold in the fourth quarter of 2016, compared to 56,709 ounces of gold sold at total cost of sales of $1,019 per ounce of gold sold and 1.53 million ounces of silver sold at total cost of sales of $13.23 per ounce of silver sold in the fourth quarter of 2015. Production in the fourth quarter of 2016 was 55,764 ounces of gold and 1.45 million ounces of silver, compared to 59,375 ounces of gold and 1.58 million ounces of silver in the same period of 2015. Co-product cash costs were $714 per ounce of gold produced and $10.40 per ounce of silver in the three months ended December 31, 2016, compared to $544 per ounce of gold produced and $9.32 per ounce of silver produced in the same quarter of 2015. Co-product AISC were $952 per gold ounce produced and $13.84 per silver ounce produced, compared to $710 per gold ounce produced and $9.36 per silver ounce produced in the same quarter of 2015.

For the fourth quarter year comparisons, gold and silver cost of sale per ounce sold, co-product cash costs per ounce produced and co-product AISC per ounce produced were higher for both metals mainly as a result of higher allocation of fixed costs per ounce due to lower production volume and the strengthening of the Chilean Peso. The aforementioned effects on cost of sale per ounce sold of gold and silver were dampened by lower DDA per ounce sold, as a result of the impairment charges recorded in 2015.

For the year ended December 31, 2016, El Peñón sold 221,908 ounces of gold and 6.04 million ounces of silver at total cost of sales of $1,019 per ounce of gold sold and $13.84, respectively, compared to 224,753 ounces of gold sold and 7.66 million ounces of silver sold at total cost of sales of $1,044 per ounce of gold sold and $13.88 per ounce of silver sold in 2015. El Peñón produced a total of 220,209 ounces of gold and 6.02 million ounces of silver in the 2016, compared to 227,288 ounces of gold and 7.69 million ounces of silver in 2015. Cash costs were $678 per ounce of gold produced and $9.14 per ounce of silver produced in 2016, compared to $621 per ounce of gold produced and $8.38 per ounce of silver produced in 2015. Co-product AISC were $893 per ounce of gold produced in 2016, compared to $788 per ounce of gold produced in 2015, and $12.04 per ounce of silver produced were in 2016, compared to $10.75 per ounce of silver produced in 2015.

For the full year comparisons, cost of sales per ounce sold, co-product cash costs per ounce produced and co-product AISC per ounce produced were generally higher for both metals, mainly as a result of higher allocation of fixed costs per ounce, in particular silver, due to lower production volume. The weakening of the average Chilean Peso for the year partially offset the increase in costs related to the lower production. The exception to this trend was total cost of sales per gold ounce sold, which was benefited from lower DDA per ounce sold, as a result of the impairment charges recorded in 2015.

CANADIAN MALARTIC (*50% interest*), CANADA

	For the three months ended December 31,			*For the years ended December 31,*		
Operating Statistics	**2016**	2015		**2016**	2015	
Production						
Gold production (ounces)	**69,971**	72,872	**(4)%**	**292,514**	285,809	**2 %**
Total cost of sales per gold ounce sold	**$ 1,056**	$ 966	**9%**	**$ 1,025**	$ 969	**6 %**
Co-product cash costs per gold ounce produced *(i)*	**$ 634**	$ 606	**5%**	**$ 606**	$ 596	**2 %**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$ 849**	$ 731	**16%**	**$ 795**	$ 738	**8 %**
Ore mined (tonnes)	**2,878,234**	2,673,107	**8%**	**10,419,482**	10,511,509	**(1)%**
Waste mined (tonnes)	**5,297,978**	5,005,634	**6%**	**21,098,850**	22,285,770	**(5)%**
Ore processed (tonnes)	**2,432,542**	2,427,866	**—%**	**9,820,696**	9,544,763	**3 %**
Gold feed grade (g/t)	**1.01**	1.06	**(5)%**	**1.04**	1.05	**(1)%**
Gold recovery rate (%)	**88.9**	88.0	**1%**	**89.3**	88.9	**— %**
Sales						
Gold sales (ounces)	**73,007**	76,017	**(4)%**	**292,972**	287,704	**2 %**
Depletion, depreciation and amortization						
Per gold ounce sold	**$ 425**	$ 382	**11%**	**$ 414**	$ 380	**9 %**

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Canadian Malartic achieved record annual production in 2016, benefiting mainly from higher throughput and recovery rate.

For the fourth quarter, production was lower, compared to the same quarter of 2015 as result of lower feed grade, which was an anomaly in a record production year. Feed grade for 2017 is expected to increase from 2016 levels. In 2016, Canadian Malartic continued to pursue opportunities for operational refinement with a focus on improvements to the SAG mill and crusher liners in an attempt to reduce the scheduled shutdown periods, improvements to the crusher availability and cyanide control, acquiring additional equipment to increase production from higher grade areas, among others. In the medium to long term, the Company will pursue opportunities to further optimize efficiency and decrease operating cost. 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.

At Canadian Malartic, 73,007 ounces of gold were sold at total cost of sales $1,056 per ounce of gold sold in the fourth quarter of 2016, compared to 76,017 ounces of gold sold at total cost of sales of $966 per ounce of gold sold in the fourth quarter of 2015. Production in the fourth quarter of 2016 was 69,971 ounces of gold, compared to 72,872 ounces in the same period of 2015. Co-product cash costs were $634 per ounce of gold produced in the three months ended December 31, 2016, compared to $606 per ounce of gold produced in the same quarter of 2015. Co-product AISC per gold ounce produced was $849, compared to $731 in the same quarter of 2015.

In the year ended December 31, 2016, Canadian Malartic sold 292,972 ounces of gold at total cost of sales of $1,025 per ounce of gold sold, compared to 287,704 ounces of gold sold at total cost of sales of $969 per ounce of gold sold in 2015. Canadian Malartic produced a record total of 292,514 ounces of gold in the 2016, compared to 285,809 ounces of gold in 2015. Cash costs per ounce produced were $606 per ounce of gold in 2016, compared to $596 per ounce of gold in 2015. Co-product AISC per ounce produced were $795 in 2016, compared to $738 in 2015.

For both the quarter and year ended on December 31, 2016, cost of sales per ounce of gold sold, co-product cash costs and co-product AISC per ounce of gold produced were higher, mainly due to lower feed grade, which in turn resulted in higher tonnage mined to offset its impact, and consequently resulted in higher mining costs. Sustaining capital expenditures for the fourth quarter of 2016 were higher, compared to the same quarter of 2015.

GUALCAMAYO, ARGENTINA

	For the three months ended December 31,			*For the years ended December 31,*		
Operating Statistics	**2016**	2015		**2016**	2015	
Production						
Gold production (ounces)	**44,840**	52,864	**(15)%**	**164,265**	180,674	**(9)%**
Total cost of sales per gold ounce sold	**$ 953**	$ 1,096	**(13)%**	**$ 1,038**	$ 1,162	**(11)%**
Co-product cash costs per gold ounce produced *(i)*	**$ 734**	$ 798	**(8)%**	**$ 796**	$ 814	**(2)%**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$ 805**	$ 815	**(1)%**	**$ 847**	$ 850	**—%**
Ore mined (tonnes)	**1,809,432**	2,143,838	**(16)%**	**8,387,882**	7,675,814	**9%**
Waste mined (tonnes)	**3,052,304**	5,104,641	**(40)%**	**10,650,620**	25,413,935	**(58)%**
Ore processed (tonnes)	**1,628,742**	2,151,106	**(24)%**	**7,570,007**	7,536,115	**—%**
Gold feed grade (g/t)	**1.26**	1.12	**13%**	**1.07**	1.22	**(12)%**
Gold recovery rate (%)	**51.8**	68.2	**(24)%**	**59.6**	61.2	**(3)%**
Sales						
Gold sales (ounces)	**47,615**	52,012	**(8)%**	**169,347**	176,852	**(4)%**
Depletion, depreciation and amortization						
Per gold ounce sold	**$ 234**	$ 301	**(22)%**	**$ 216**	$ 318	**(32)%**

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Gualcamayo had a strong year allowing the mine to exceed expectations. At Gualcamayo, 47,615 ounces of gold were sold at total cost of sales $953 per ounce of gold sold in the fourth quarter of 2016, compared to 52,012 ounces of gold sold at total cost of sales of $1,096 per ounce of gold sold in the fourth quarter of 2015. Production in the fourth quarter of 2016 was 44,840 ounces of gold, compared to 52,864 ounces in the same period of 2015. Co-product cash costs were $734 per ounce of gold produced in the three months ended December 31, 2016, compared to $798 per ounce of gold produced in the same quarter of 2015. Co-product AISC per gold ounce produced was $805, compared to $815 in the same quarter of 2015.

In the year ended December 31, 2016, Gualcamayo sold 169,347 ounces of gold at total cost of sales of $1,038 per ounce of gold sold, compared to 176,852 ounces of gold sold at total cost of sales of $1,162 per ounce of gold sold in 2015. Gualcamayo produced a total of 164,265 ounces of gold in the 2016, compared to 180,674 ounces of gold in 2015. Co-product cash costs per ounce of gold produced were $796 per ounce of gold in 2016, compared to $814 per ounce of gold in 2015. Co-product AISC per ounce produced were $847 in 2016, compared to $850 in 2015. Overall, annual production at Gualcamayo was in line with expectations.

Cost of sales per ounce sold, co-product cash costs and co-product AISC per ounce produced decreased mainly due to the impact of a weakening Argentine Peso. Production was lower than the fourth quarter of 2015 as the result of lower recoveries from the deep part of the open-pit, partly offset by the overall higher gold grades mined and higher recovery of ounces from inventory. Cost of sale per ounce of gold sold was lower for the quarter and the year, compared to the corresponding periods of 2015, as a result of lower DDA

The Company will continue to develop the recently discovered oxides deposits around the main pit, as well as the Oxides Distrital targets near Gualcamayo with the objective of extending the mine life of the heap leach, along with optimizing costs and productivity in the underground mine.

MINERA FLORIDA, CHILE

Operating Statistics	For the three months ended December 31, 2016	2015		For the years ended December 31, 2016	2015	
Production						
Gold production (ounces)	**25,675**	29,180	**(12)%**	**104,312**	112,580	**(7)%**
Silver production (ounces)	**94,738**	202,643	**(53)%**	**429,048**	660,997	**(35)%**
Total cost of sales per gold ounce sold	**$ 924**	$ 1,261	**(27)%**	**$ 1,046**	$ 1,270	**(18)%**
Total cost of sales per silver ounce sold	**$ 13.37**	$ 16.88	**(21)%**	**$ 13.81**	$ 16.90	**(18)%**
Co-product cash costs per gold ounce produced *(i)*	**$ 730**	$ 664	**10%**	**$ 735**	$ 717	**3%**
Co-product cash costs per silver ounce produced *(i)*	**$ 10.63**	$ 8.69	**22%**	**$ 9.90**	$ 9.46	**5%**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$ 1,002**	$ 818	**22%**	**$ 955**	$ 883	**8%**
All-in sustaining co-product costs per silver ounce produced *(i)*	**$ 14.55**	$ 10.68	**36%**	**$ 12.73**	$ 11.80	**8%**
Ore mined (tonnes)	**190,236**	221,473	**(14)%**	**862,132**	858,666	**—%**
Ore processed (tonnes)	**387,671**	473,811	**(18)%**	**1,662,161**	1,857,010	**(10)%**
Gold feed grade (g/t)	**2.46**	2.37	**4%**	**2.34**	2.32	**1%**
Silver feed grade (g/t)	**14.53**	22.21	**(35)%**	**14.45**	19.04	**(24)%**
Gold recovery rate (%)	**83.7**	81.0	**3%**	**82.4**	81.1	**2%**
Silver recovery rate (%)	**52.3**	63.2	**(17)%**	**54.0**	58.7	**(8)%**
Sales						
Gold (ounces)	**25,325**	28,845	**(12)%**	**102,204**	111,860	**(9)%**
Silver (ounces)	**93,870**	195,503	**(52)%**	**429,494**	652,812	**(34)%**
Depletion, depreciation and amortization						
Per gold ounce sold	**$ 193**	$ 573	**(66)%**	**$ 312**	$ 536	**(42)%**
Per silver ounce sold	**$ 3.20**	$ 7.65	**(58)%**	**$ 4.14**	$ 7.27	**(43)%**

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At Minera Florida, the strategy to consolidate the mine concessions surrounding the core mine area was achieved, and will provide a platform for developing the upside district potential. At Minera Florida, 25,325 ounces of gold and 93,870 ounces of silver were sold at total cost of sales $924 per ounce of gold sold and $13.37 per ounce of silver sold in the fourth quarter of 2016, compared to 28,845 ounces of gold sold at total cost of sales of $1,261 per ounce of gold sold and 195,503 ounces of silver sold at total cost of sales of $16.88 per ounce of silver sold in the fourth quarter of 2015. Production in the fourth quarter of 2016 was 25,675 ounces of gold and 94,738 ounces of silver, compared to 29,180 ounces of gold and 202,643 ounces of silver in the same period of 2015. Co-product cash costs were $730 per ounce of gold produced and $10.63 per ounce of silver in the three months ended December 31, 2016, compared to $664 per ounce of gold produced and $8.69 per ounce of silver produced in the same quarter of 2015. Co-product AISC per gold ounce produced and per silver ounce produced were $1,002 and $14.55, respectively, compared to $818 per gold ounce produced and $10.68 per silver ounce produced in the same quarter of 2015.

For the year ended December 31, 2016, Minera Florida sold 102,204 ounces of gold and 429,494 ounces of silver at total cost of sales of $1,046 per ounce of gold sold and $13.81 per ounce of silver sold, compared to 111,860 ounces of gold sold and 652,812 ounces of silver sold at total cost of sales of $1,270 per ounce of gold sold and $16.90 per ounce of silver sold in 2015. Minera Florida produced a total of 104,312 ounces of gold and 429,048 ounces of silver in 2016, compared to 112,580 ounces of gold and 660,997 ounces of silver in 2015. Cash costs were $735 per ounce of gold produced and $9.90 per ounce of silver produced in 2016, compared to $717 per ounce of gold produced and $9.46 per ounce of silver produced in 2015. Co-product AISC per ounce of gold produced were $955 in 2016, compared to $883 in 2015, and per ounce of silver produced were $12.73 in 2016, compared to $11.80 in 2015.

For the quarter and the year, co-product cash costs and co-product AISC per ounce of gold and silver produced were higher mainly due to higher mining and processing costs resulting from lower throughput and a higher fixed cost allocation per ounce, partially offset by higher zinc credits. Lower cost of sales per ounce of gold and silver sold, although impacted by the same factors as co-product cash costs, decreased due to lower DDA as a result of the impairment charges recorded in 2015. Lower production of gold and silver was due to lower throughput as the result of collective bargaining agreement negotiations in December, which adversely impacted productivity. The negotiations have subsequently been completed, and the mine and plant are now operating in full capacity. Lower planned feed grade following the mine sequencing and lower recovery of silver exacerbated the decline in silver production.

In 2017, the Company expects gold production to be in line with 2016 with lower silver production. Several improvement opportunities will continue to be developed into 2017 including the advancement of a whole ore leach project aimed to significantly improve recoveries and improvement of the crushing and grinding circuits.

In addition to this and as result of the successful results of exploration in the Pataguas zone, the mine will resume the development of the Hornitos tunnel which is a production ready exploration tunnel going across the recently acquired land adjacent to the core mine (refer to *Section 7 Construction, Development and Exploration* of this MD&A for discussion of the positive exploration results in this area at Minera Florida). The Company will pursue the development of these newly discovered zones and advancement of the engineering of a whole ore leaching project to the next stage, in order to maximize the value and upside potential of the recently consolidated grounds at Minera Florida.

JACOBINA, BRAZIL

		For the three months ended December 31,				*For the years ended December 31,*		
Operating Statistics		**2016**	2015			**2016**	2015	
Production								
Gold production (ounces)		**32,180**	28,727	**12%**		**120,478**	96,715	**25%**
Total cost of sales per gold ounce sold	$	**1,123** $	873	**29%**	$	**1,072** $	1,068	**—%**
Co-product cash costs per gold ounce produced *(i)*	$	**742** $	614	**21%**	$	**692** $	788	**(12)%**
All-in sustaining co-product costs per gold ounce produced *(i)*	$	**984** $	904	**9%**	$	**988** $	1,071	**(8)%**
Ore mined (tonnes)		**479,045**	393,737	**22%**		**1,803,064**	1,481,461	**22%**
Ore processed (tonnes)		**474,000**	396,828	**19%**		**1,802,914**	1,469,095	**23%**
Gold feed grade (g/t)		**2.21**	2.36	**(6)%**		**2.17**	2.17	**—%**
Gold recovery rate (%)		**95.5**	95.4	**—%**		**95.7**	94.5	**1%**
Sales								
Gold Sales (ounces)		**30,058**	27,901	**8%**		**118,142**	96,477	**22%**
Depletion, depreciation and amortization								
Per gold ounce sold	$	**399** $	254	**57%**	$	**338** $	283	**19%**

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Jacobina had a strong year, with higher production and lower costs than in 2015. A net increase in underground development has increased 2017 opportunities associated with a production profile improvement and cost control. While 2016 was a successful year where the focus was on increased sustainable gold production, 2017 will be focused on cost saving initiatives and efficiency improvements.

At Jacobina, 30,058 ounces of gold were sold at total cost of sales $1,123 per ounce of gold sold in the fourth quarter of 2016, compared to 27,901 ounces of gold sold at total cost of sales of $873 per ounce of gold sold in the fourth quarter of 2015. Production in the fourth quarter of 2016 was 32,180 ounces of gold, compared to 28,727 ounces in the same period of 2015. Co-product cash costs were $742 per ounce of gold produced in the three months ended December 31, 2016, compared to $614 per ounce of gold produced in the same quarter of 2015. Co-product AISC per gold ounce produced was $984, compared to $904 in the same quarter of 2015.

For the quarter, higher cost of sales per ounce of gold sold, co-product cash costs and co-product AISC per ounce of gold produced were mainly due to the impact of a strengthening Brazilian Real. Increased production was attributable to higher tonnage of ore mined, which more than offset a decline in feed grade. With a continued focus on dilution control, productivity improvements and cost control, the Company expects for production to progressively increase into 2017 and cost to decrease. Mine management is evaluating potential mining improvements that should decrease underground mine development and increase mining efficiency. This should impact positively on mining productivity and ultimately on gold production.

In the year ended December 31, 2016, Jacobina sold 118,142 ounces of gold at total cost of sales of $1,072 per ounce of gold sold, compared to 96,477 ounces of gold sold at total cost of sales of $1,068 per ounce of gold sold in 2015. Jacobina produced a total of 120,478 ounces of gold in the 2016, compared to 96,715 ounces of gold in 2015. Cash costs per ounce produced were $692 per ounce of gold in 2016, compared to $788 per ounce of gold in 2015. Co-product AISC per ounce produced were $988 in 2016, compared to $1,071 in 2015.

For the year, lower cost of sales per ounce of gold sold, co-product cash costs and co-product AISC per ounce of gold produced were mainly due to the impact of a weakening of the Brazilian Real. Increased production was attributable to higher tonnage of ore mined with a consistent feed grade.

BRIO GOLD, BRAZIL

	For the three months ended December 31,			*For the years ended December 31,*		
Operating Statistics	**2016**	2015		**2016**	2015	
Production						
Total gold production from Brio Gold mines (ounces)	**50,477**	39,279	**29%**	**189,661**	144,098	**32%**
Attributable to Yamana (ounces)	**49,580**	39,279	**26%**	**188,765**	144,098	**31%**
Attributable to non-controlling interest (ounces)	**897**	—	**n/a**	**897**	—	**n/a**
Total cost of sales per gold ounce sold	**$ 1,384**	$ 1,126	**23%**	**$ 1,098**	$ 1,138	**(4)%**
Co-product cash costs per ounce of gold produced *(i)*	**$ 832**	$ 610	**36%**	**$ 746**	$ 718	**4%**
All-in sustaining co-product costs per gold ounce produced *(i)*	**$ 1,106**	$ 847	**31%**	**$ 985**	$ 918	**7%**
Sales						
Gold Sales (ounces)	**50,000**	39,001	**28%**	**190,887**	143,840	**33%**

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements 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.

On December 23, 2016, the Company completed a purchase rights offering of Brio Gold's common shares, by disposing of approximately 15% of its ownership of Brio Gold. As a result, the Company retains control of Brio Gold and will continue to fully consolidate the results of Brio Gold. All of Brio Gold's operating mines, which include Pilar, Fazenda Brasileiro and RDM, and the C1Santa Luz project, are located in Brazil. Currently, the C1 Santa Luz project is in the execution phase of moving forward to the re-start of operations.

Fourth quarter production from Brio Gold's operating mines exceeded the fourth quarter of 2015 by 29%, and year-over-year increased by 32% mainly as a result of higher throughput in all the mines, and specifically the contribution of production from the RDM mine, which was acquired in April 2016. Production of gold a Pilar recorded successive yearly increases since it has completed commissioning.

Brio Gold sold a total of 50,000 ounces of gold at total cost of sales $1,384 per ounce of gold sold in the fourth quarter of 2016, compared to 39,001 ounces of gold sold at total cost of sales of $1,126 per ounce of gold sold in the fourth quarter of 2015. Production in the fourth quarter of 2016 was a total of 50,477 ounces of gold, compared to 39,279 ounces in the same period of 2015. Co-product cash costs were $832 per ounce of gold produced in the three months ended December 31, 2016, compared to $610 per ounce of gold produced in the same quarter of 2015. Co-product AISC per gold ounce produced was $1,106, compared to $847 in the same quarter of 2015.

In the year ended December 31, 2016, Pilar sold 190,887 ounces of gold at total cost of sales of $1,098 per ounce of gold sold, compared to 143,840 ounces of gold sold at total cost of sales of $1,138 per ounce of gold sold in 2015. Pilar produced a total of 189,661 ounces of gold in the 2016, compared to 144,098 ounces of gold in 2015. Co-product cash costs per ounce of gold produced were $746 per ounce of gold in 2016, compared to $718 per ounce of gold in 2015. Co-product AISC per ounce of gold produced were $985 in 2016, compared to $918 in 2015.

7. CONSTRUCTION, DEVELOPMENT AND EXPLORATION

CONSTRUCTION AND DEVELOPMENT

The following summary highlights key updates from the development projects of the Company in 2016 and provides key updates during the fourth quarter of 2016.

Cerro Moro, Argentina

Cerro Moro is a high-grade gold and silver deposit currently in construction and development with first production expected in early 2018, subsequent to a formal decision to proceed in late 2015.

The Cerro Moro ore body 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 an initial 6.5-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 ("CCD") and a Merrill Crowe circuit included.

The 2016 work program included the ramp-up of site construction activities; the continuation of detailed engineering; and the advancement of underground mining in order to gain a better understanding of in-situ mining conditions. The expenditure for 2016 was approximately $55 million with the balance of approximately $233 million planned to be spent in 2017 and 2018. The bulk of this remaining expenditure is to be spent in 2017, supporting the previously reported execution schedule and budget. In addition to the above, a substantial infill drilling program was run in 2016 to confirm previously determined indicated mineral resources with tighter spaced drilling. The infill program was successful in confirming those mineral resources and has the impact of de-risking the project and the startup risk of the mine. The Company believes that the project offers significant opportunities for the conversion of mineral resources into mineral reserves and for further discoveries on the property, which will serve to materially improve the returns from this high-grade project.

During the fourth quarter of 2016, the Company continued to show good progress on the development objectives referred to above. The project completed the planned underground mine development of 617 metres for 2016. Ramp-up of site construction continued ahead of schedule with bulk earthworks being completed and the concrete work was advanced to over 40% complete. Consistent with the baseline plan, detailed engineering progress advanced slightly beyond the target of 85% completion by the end of the year. This advanced level of engineering design completion prior to the start of large scale construction activities in early 2017 serves to de-risk the project schedule and increase the confidence in the total project cost. Contracts for structural steel erection, mechanical erection, and tailings dam construction have been awarded which will allow mobilization to take place in the first quarter of 2017 as planned. Procurement progress is also tracking according to plan with a total of $145 million of the $314 million initial capital committed to date, representing 46% of the total anticipated spend all within the expected budget.

The updated mine plan shows partial production in 2018 of gold and silver at feed grades of 11 g/t, and 650 g/t respectively, and reflects the impact of the 3-month ramp-up during Q2 2018. The 2019 gold production is estimated to be approximately 130,000 ounces at an average feed grade of 11 g/t, and the silver production to be approximately 9,900,000 ounces at an average feed grade of 920 g/t. The average AISC for the period from 2018 to 2019 is expected to be below $600 per ounce of gold produced and below $9.00 per ounce of silver produced, with co-product cash costs for the same period expected to be below $500 per ounce of gold produced and below $7.50 per ounce of silver produced. Bringing forward metal production into the two first years of operation has resulted in a marginal drop-off in average metal production over the remaining mine life which is anticipated to be recovered through further optimization initiatives and a targeted expansion of the mineral reserves from an increased exploration drilling campaign.

During the last quarter of 2016, an opportunity was identified to better exploit the very high silver grades at the project (average LOM silver grade of approximately 540g/t). This was achieved through the relaxation of the maximum silver feed grade to the processing plant following a minor change in operating practices and without incurring additional capital.

The 2017 work plan includes an increase in the rate of underground mining relative to 2016 such that during the last quarter of the year ore will be mined to feed the stockpile ahead of the plant start-up in the first quarter of 2018. In support of the increased rate of mining and in preparation of full start-up, the Cerro Moro management and operations team will be recruited and trained during the course of the year. Mechanical completion of the process plant and mine infrastructure is scheduled for the fourth quarter of 2017 in preparation for the start of commissioning in early 2018.

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 of ore at copper and gold grades of 0.49% and 0.22 grams per tonne respectively.

The Company continues to take steps to evaluate potential transactions that will surface the value in Agua Rica. The Company envisages a transaction relating to Agua Rica that would involve maintaining a joint venture interest and monetizing some equity in the project for a mixture of cash and an interest in gold production.

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 Mineria y Energetica Sociedad del Estado, continued to advance in the period.

The Cerro Atajo prospect lies 10 kilometres east of Alumbrera and 25 kilometres 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 Alumbrera mine. The Company expects to obtain the Environmental Impact Assessment approval for the commencement of a drilling campaign in the first semester of 2017, and is working in conjunction with our stakeholders in the province to ensure sustainability of the social license towards that target.

On September 8, 2016, a municipal ordinance was passed that purports to prohibit open-pit mining in the high river basin of the town of Andalgala, a community near the Agua Rica project in the Province of Catamarca with a population of approximately 14,000. The Company is advised that the use of rivers, mining activities and environmental matters, as set out in the Constitution, are the purview of the Government of the Province of Catamarca and, as such, the municipal ordinance is not binding or legal and is mostly symbolic. In early

October 2016 a legal action was presented against the ordinance before the Supreme Court of Province of Catamarca, by which Yamana requested the declaration of unconstitutionality and suspension of such regulation. On October 25th 2016, a request for the redress of the procedure was presented only for the portion of the case the Court considered necessary for the adequacy of the procedural route. Also the Province of Catamarca has commenced in parallel another legal action before the court pursuing the same goal. As of today the Supreme Court has only declared admissible the recourse presented by Province on unconstitutionality declaration and having rejected the temporary suspension. Yamana is still awaiting for the result of its legal action.

Gualcamayo, Argentina

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. The project has advanced with the detailed review of a number of mining method alternatives to improve the capital expenditures profile as well as seeking to identify an economically viable arsenic abatement process. The mining consultants have completed the optimization work on three throughput scenarios, and the work of the arsenic specialist has also been completed. The results of the aforementioned work have shown that a technically and economically viable project exists at a conceptual study level of definition. This has justified the initiation of an extensive drilling campaign to expand the mineral resource base and thereby enhance the project economics. The drilling campaign will be, however, initiated in 2018, allowing the exploration team to focus on expanding the near term oxide mineral resources forming part of the Gualcamayo mineral endowment. The carbonates mineralization is open in almost every direction and continued exploration is expected to improve the project economics.

EXPLORATION

The Company continues to consider exploration to be a key to unlocking and creating further value for shareholders at existing operations. The 2016 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.

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

	For the three months ended December 31,		*For the years ended December 31,*	
(In millions of US Dollars)	**2016**	2015	**2016**	2015
Exploration and evaluation capitalized *(i)*	**$ 20.3**	$ 53.7	**$ 80.4**	$ 62.7
Exploration and evaluation expensed *(ii)*	**3.0**	20.0	**14.9**	18.7
Total exploration and evaluation expenditures	**$ 23.3**	$ 73.7	**$ 95.3**	$ 81.4

(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 2016 exploration program and provides key updates during the fourth quarter of 2016.

Chapada, Brazil

To sustain and grow current production levels, the Company allocated a $6.0 million exploration budget for 2016. The overall budget supported local mine infill and exploration drill programs along with district scale exploration work that includes mapping, soil sampling and drill testing of developed targets. The Company completed 23,610 metres distributed in 390 holes in the near mine exploration and core mine infill programs during the fourth quarter, and 61,972 metres distributed in 753 holes during 2016. The near mine program was focused on and successful in defining and expanding the Sucupira mineral resource immediately adjacent to the main Chapada pit, testing and developing an IP anomaly immediately beneath the pit and testing for extensions of the oxide mineral envelopes at Suruca and Hidrothermalito.

At Sucupira, 110 drill holes have been completed and have defined a mineralized body 1.85 kilometres in strike length, 80 to 180 metres in thickness and 200 to 400 metres in width. The deposit remains open to the southwest. At a 0.51% copper equivalent ("CuEq") underground cutoff grade, the mineral body has an inferred mineral resource of 490,000 ounces of gold and 426 million pounds of copper contained in 35 million tonnes at an average grade of 0.76% CuEq. This mineralization lies within 100 to 200 metres of surface and 100 metres lateral and below the currently designed final Chapada pit.

Adjacent to Sucupira and the main Chapada ore body, the core mine exploration program has identified a continuous, low to moderate grade copper and gold unclassified mineral body above and immediately north of the Sucupira mineral body, the Baru deposit, that is under review by mine geologists and engineers for further work. The core mine exploration program has identified a continuous, low to moderate grade copper and gold unclassified mineral body above and immediately north of the Sucupira mineral body that is under review by mine geologists and engineers for further work. The core mine infill program is concentrating on providing increased grade definition of the ore zones for selective mining purposes. Results are encouraging from all programs. The discovery of Sucupira and Baru provides further evidence that Chapada is a much larger mineralized system than previously thought. Additional drilling at Baru and engineering at Sucupira in 2017 will be completed to better understand how the three deposits may connect and/or be integrated into a future mine plan.

At Suruca, over 500 holes have been completed as part of an infill program to update the oxide mineral reserves and support a development plan. Suruca is an open pit heap leach operation that will process an estimated 4.3 million tonnes per annum producing an average of 40,000 ounces of gold per year over a five year life of mine.

The District exploration program at Chapada is targeting the discovery of new deposits within the extensive concession holdings surrounding the Chapada deposit and exploring holdings distal to the Chapada Mine which present similar geologic, geochemical and geophysical characteristics within the Mara Rosa Greenstone Belt. The program has completed 3,177 metres distributed in 18 holes during the fourth quarter and 9,833 metres distributed in 61 holes during 2016. During the fourth quarter, drilling was focused on the Formiga target located 15 to 18 kilometres northeast of the mine, the Suruca NE target, 11 kilometres northeast of the mine and the Bom Jesus target, 20 kilometres northeast of the mine. The Formiga copper-gold mineralization occurs as a high-grade core of copper and gold, commonly presented as massive chalcopyrite accompanied by varying amounts of disseminated bornite, pyrrhotite and pyrite, enveloped by a low grade halo of copper and gold mineralization, similar in geometry to Sucupira. The deposit occurs within similar meta-diorite and meta-sedimentary sequences found at the Chapada complex. Drilling during the second half of 2016 identified a second east to west trending disseminated copper and gold deposit with grades and alteration similar to those found within the Chapada main pit. Results to date are impressive and indicate that further drilling is required to define the extent of mineralization. During the fourth quarter, the exploration program continued to drill testing other targets generated within the Mara Rosa Belt, including Suruca NE, Bom Jesus Central, Taquarucu and others. Results are pending.

El Peñón, Chile

The initial 2016 exploration program's main goal was to find another principle structure similar to Quebrada Orito, Quebrada Colorada or Bonanza. The primary targets in the northern and southern blocks of the property returned some encouraging results, with several narrow yet high-grade intercepts indicating the continuation of the mineral system at both extents of the property. One area of promising success was the identification of existing high-grade moderate-width intercepts beneath the Quebrada Colorada and Providencia structures that are open to depth and along strike.
During the late third and into the fourth quarter of 2016, similar high grade extensions on the northern extents of the Bonanza system were also identified. The Company continued to test for extensions of these and other targets with 15 drill rigs on site through mid-December.

During the fourth quarter, the Company completed 33,038 metres distributed in 133 holes for the combined infill and exploration drill programs. Separately, the Company completed 22,074 metres distributed in 63 infill holes to upgrade mineral resources at the Providencia, Carmin, Carmin Sur, Magenta, Purpura and El Valle vein systems. The Company completed 17,464 metres distributed in 55 exploration holes exploring and testing for mineral extensions at Bonanza NN2 and NN3, Cerro Martillo, Martillo Flats, El Valle, Providencia, Orito and along most segments of the Quebrada Colorada vein systems. During 2016, the Company completed 149,488 metres distributed in 474 holes for the combined exploration and infill programs at El Peñón.

Results received during the fourth quarter are impressive and will generate new mineral resources to be evaluated for economic extraction as mineral reserves in 2017 and beyond. Highlighted assay results reported during the quarter from exploration holes include SNX0750 that cut 1.8 metres of 30.36 g/t Au and 109 g/t Ag at Carmin Sur, UEB0016 that cut 2.6 metres of 7.6 g/t Au and 340 g/t Ag at Bonanza Central, and SNX0764 that cut 1.2 metres of 5.73 g/t Au and 1,579 g/t Ag at Purpura. Highlighted assay results from the infill program reported during the quarter include UIG0028 that cut 0.8 metres of 9.76 g/t Au and 79 g/t Ag and UIG0037 that cut 1.07 g/t Au and 194 g/t Ag, both from the Magenta deposit.

Also during 2016, the exploration and infill programs have tested north-south and north-west trending structures that are parallel to the main structural trends. In many cases, narrow yet high-grade gold and silver intercepts were located, but given the current mining extraction protocols, excessive excavation would over dilute the high-grade zones rendering them sub-economic. The Company has successfully developed narrow-vein mining techniques during the third and fourth quarters that will allow for economic extraction of many of the narrower yet high-grade intervals being generated through careful and well planned exploration of the core mine vein systems. Exploration during the first half of 2017 will concentrate on exploring for additional vein extensions surrounding the established and highly productive principle vein systems. This near-mine program will be augmented with a local exploration effort in the second half of the year to explore for deep extensions to the south of the Aleste, Providencia and Dorada vein systems.

The Company believes that 2017 will be a year of transition at El Peñón with the available wide and high grade veins being replaced by numerous high grade yet narrower vein systems. During this transition, production will be reduced from recent levels, although over a longer term at a more sustainable level. The Company also expects that all-in sustaining cash costs will improve to lower levels as much of the future production is near existing infrastructure requiring less development capital. Exploration will concentrate on near-mine discovery and growth, and will continue over a longer term to execute a local and district exploration program for another large vein discovery that can sustain and possibly return long-term production to pre-2017 levels.

Gualcamayo, Argentina

At Gualcamayo, the initial 2016 exploration budget of $4.0 million was earmarked primarily for mineral resource infill drilling within the QDD Main pit and the underground mine areas, infill and limited deep drilling of the Las Vacas mineral body. Exploration drilling that commenced in late 2015 to discover and develop new oxide ounces amenable to current heap leach processing technology continued into 2016. The program focused on near-mine targets and included the collection of 10-metre channel samples for geochemical analysis. Very positive results were returned from two areas immediately adjacent to the current open pit. The Cerro Condor target is located along the eastern rim of the QDD main pit wall and was defined by channel sample results including 60 metres of 2.57 g/t Au, 10 metres of 9.19 g/t Au. Hole 16QD-975 drilled in September returned 104 metres at 1.41 g/t Au. The Potenciales target, located along the western flank of the pit wall was defined by numerous channel sample results, including 10 metres of 10.5 g/t Au and 10 metres of 13.28 g/t Au. Given these impressive surface results, a $3.5 million budget increase was approved in the first quarter for drill testing.

Drill results generated during the third quarter from both the Cerro Condor and Potenciales near mine exploration targets continue provided support for an additional $5.0 million supplementary budget for Gualcamayo to be used for further exploration and infill drilling during the fourth quarter. The expanded infill and exploration drill programs completed 18,782 metres distributed in 86 holes during the quarter exploring the Las Vacas, Potenciales, Cerro Condor and Target 9 targets. The infill drill program alone completed 6,191 metres distributed in

28 holes conducting programs at Las Vacas and Amelia-Ignes-Magdalena (AIM). The exploration program completed 38,462 metres distributed in 161 holes and the infill program completed 18,431 metres distributed in 99 holes for the full year.

Follow-up drill results for Cerro Condor, Potenciales and a third near surface oxide target, Las Vacas from drilling conducted in the fourth quarter, continue to support mineral resource growth from these near-mine target areas. At Cerro Condor, the currently defined mineral body measures 190 metres long by 90 metres wide and at least 65 metres thick, averaging 1.1 g/t gold. Late 2016 drill results are pending and this mineral body is expected to grow once the results are received. The Potenciales target's currently defined shape stands at 150 metres in length by 50 metres wide by 80 metres depth averaging 1.0 g/t gold and is open to depth. The Las Vacas deposit is at least 500 metres along strike, 200 metres wide and 200 metres in depth, averaging 0.6 g/t gold and remains open along strike. Results for Cerro Condor, Potenciales and Las Vacas near surface continue to support mineral resource growth of these near mine target areas.

A 2.7-kilometre access road from Las Vacas to the near mine Quebrada de Rodado area was completed and sampled during the quarter, exposing new geologic and geochemical targets to be drill tested in early 2017. District exploration efforts will include gaining access to favourable target areas beginning close to the mine and working our way west and to the south. As evidenced by the ongoing discoveries at deep carbonates and recent near mine discoveries in 2015 and 2016, the Company believes that a focused and concerted effort to explore the many surface geochemical, Aster and geologic targets will lead to discovery of additional mineable gold deposits that can be rapidly put into the life of mine plan.

Minera Florida, Chile

At Minera Florida, exploration activities in 2016 changed from a focus of infill and reserve replacement in 2015 to a focus of mineral resource discovery and growth. A combined $9.0 million operational and capital expenditures budget, including a $1.8 million increase related to drilling at Tribuna Este, was approved to extend known deposits in the core mine areas along strike and to depth, and to venture into new areas outside of the core mine area to develop mineral anomalies identified in prior exploration programs. In 2017, the program will follow up on significant surface exploration mapping and sampling completed in 2015 and 2016 given some success in identifying numerous quartz vein trends and gold anomalies that are proposed to be linked to producing vein structures at depth.

As announced in the Exploration Update dated October 27, 2016, the Company has completed the consolidation of the Minera Florida mine concessions surrounding the core mine area, including Mila, Volga, Irina and other concessions that total more than 3,100 hectares, giving the Company control of the majority of the Florida mineral district. The consolidation of land provides the Company access to previously unexplored ground immediately south and southeast of the productive mine area where geologists worked during the quarter to map, sample and identify targets for drill testing.

The Las Pataguas target was developed in late 2016 through district mapping and geochemical sampling. The deposit is within the core mine complex, proximal to existing mine infrastructure. It is at a lower elevation and closer to the plant infrastructure than the current mine production fronts. The Las Pataguas target developed near the core mine deposits as part of the district exploration program was drill tested mid quarter and returned very encouraging results. The first hole in the Las Pataguas target returned 16 metres of 7.77 g/t gold. Follow-up drill testing is on-going and expected to confirm and extend this new target. Geologists are continuing to map, sample and identify further targets for drill testing in 2017. The Las Pataguas system is only one of numerous geochemical and alteration vein anomalies identified on the newly acquired ground. Vein structures along the Mila-Volga corridor, down dropped vein offsets of historically mined veins east of the Maqui Fault, are targeted for testing in 2017 from the newly developed exploration tunnel and from surface.

The established infill and exploration programs completed 3,256 metres distributed in 16 holes during the quarter, testing and upgrading the Rubi, Lissette, Circular, Lazo Polvorin, Hallazgo II, Tribuna Este, Don Alex, Cucaracha, Quemazon and other deposits and targets. During 2016, the Company completed 28,362 metres distributed in 104 holes. Results are in-line with expectation, encountering reserve grade intercepts over potentially mineable widths adjacent to the developed ore bodies.

The Company has demonstrated that fault offset targets of important ore bodies found within the core mine complex are present east of the Maqui Fault, and that new extensions within the core mine complex will continue to provide growth of mineral resources and mineral reserves. Following completion of the Tribuna exploration tunnel, hole ALH1991 was drilled to the northeast to test the continuation of the Tribuna Este structures. Initial results establish vein continuity in one anomalous intercept. Complete assay results are pending.

Jacobina, Brazil

At Jacobina, the ore delineation and exploration programs have provided important detailed mineral reserve data to aid in mine planning and sequencing of the known ore deposits and have also encountered additional new potential mineral resource bodies. The Company has budgeted $4.5 million to complete 38,000 metres of exploration, infill and delineation drill programs during 2016. During the fourth quarter, 6,043 metres distributed in 45 drill holes were completed in the combined infill and exploration programs. The combined drill programs have completed 38,064 metres distributed in 277 holes during 2016. The infill drill program was active in all of the current mine areas and continued to intercept multiple reefs that reported widths and grades at or above average widths and grades. The exploration program tested targets at Morro do Vento during the fourth quarter extending local mineral envelopes whilst limiting others. Drill testing of the Canavieiras Sul deposit in the second half of the year has shown promise for adding new ounces nearer to the surface in the upper portions of the deposit during 2017 which could provide short and medium term growth opportunities. A ramp to connect Morro do Cuscuz to Canavieiras Sul is under construction and will be used to further test the reefs between the two mines. Surface chip sampling of the Upper Conglomerate exposures has shown that mineralization extends to the surface and new exploration targets for drilling exist beneath these anomalies providing medium and long term growth opportunities.

The goals of ore delineation for mining purposes are being accomplished, with current developed mineral reserves approximating 6 months of production. The goal is to ultimately reach greater than 12 months of developed mineral reserves ahead of production. Exploration will now add mineral resource growth to the list of goals, and will be testing and expanding the margins of known deposits, and developing new targets for long term sustainability and growth.

Cerro Moro, Argentina

The 2016 exploration program at Cerro Moro continued to be focused on discovering new high-grade structures and expanding the current indicated mineral resources. The 2016 program at Cerro Moro was budgeted to complete a total of approximately 16,000 metres of drilling.

During the fourth quarter, the infill and exploration drill programs completed 1,839 metres distributed in 6 holes bringing the year end totals to 13,844 metres distributed in 66 holes. The fourth quarter program focused on infill drilling at Zoe and exploration drilling at the Tres Lomas target, 2 kilometres to the south of Zoe. Quarterly and year results are positive, and are expected to add new mineral resource ounces at Zoe, Escondida Far West, West and Central, and at the Gabriela deposit in the future. Drilling results show that several ore shoots in the Escondida and Zoe systems remain open to depth providing areas to test in 2017 and beyond to provide mineral resource and future mineral reserve growth opportunities. Surface properties explorations are adding new areas to the target inventory for future growth within the core mine deposits. A more robust exploration budget is expected for 2017 to test and develop the new areas and complete additional infill and extension drilling surrounding the known mineral reserves.

The substantial infill drilling program was run to confirm previously determined indicated mineral resources with tighter spaced drilling. The infill program was successful in confirming those mineral resources and has the impact of de-risking the project and the startup risk of the mine.

Canadian Malartic Corporation, Canada

As 50-50 partners in the Canadian Malartic Corporation, Yamana and Agnico jointly explore the Malartic, Kirkland Lake, Hammond Reef, Pandora, and the Wood-Pandora properties. The 2016 exploration program focused on underground and surface exploration at Pandora for

Lapa style mineral bodies, and upgrading the known Odyssey mineral deposit at the Canadian Malartic mine to inferred mineral resources. At Odyssey, the 2016 program was budgeted to complete approximately 95,000 metres of drilling. At Pandora, the 2016 program was budgeted to extend the exploration tunnel while drilling the near surface and deeper underground accessible targets until the third quarter when the Lapa mine's operations are schedule to shut down.

During the fourth quarter, a total of 25,223 metres distributed in 42 diamond drill holes were completed at Odyssey, bringing the year to date total to 119,393 metres completed in 155 holes. The Odyssey North mineral body is defined between 600 metres and 1,300 metres beneath the surface, with mineralization focused along the Sladen Fault structural contact between Porphyry #12 and the mafic to ultramafic volcanics of the Piche group. The Odyssey South mineral body is found along the structural contact of Porphyry #12 and the graywacke sediments of the Pontiac Group. Mineralization occurs mainly within the fractured margin of the #12 porphyry. Drilling during the fourth quarter continued to focus on mineral resource upgrade of the North and South mineral bodies and added a program to specifically test the proposed north to south trending higher grade cross structures. Assay results from the North and South deposits are in line with expectations and multiple intercepts returned from the internal cross cutting structural zones present a more complex geologic picture than envisioned and will require further interpretation and drilling to best understand the continuity. All data generated at Odyssey was compiled and resulted in its maiden inferred mineral resource categorization.

At Pandora, a total of 2,086 metres distributed in 3 diamond drill holes were completed in the fourth quarter bringing the year to date totals to 24,496 metres completed in 39 holes for the surface and underground based programs. Encouraging results from the underground program received during November supported drilling of two additional holes during December to establish mineral continuity. Final results are pending.

At Kirkland Lake, ground investigations surrounding the Upper Beaver deposit have developed numerous anomalous surface exposures of magnetite-quartz vein material similar to those that host mineralization at Upper Beaver. Work during the fourth quarter included collection of induced polarization, walking magnetics, VLF-EM survey data to the southeast of the Upper Beaver deposit and elsewhere on the Kirkland Lake property, gathering of hydrologic data to support the Pre-feasibility study of Upper Beaver and a review of the Anoki McBean deposit remaining mineral resources. The 2017 budget proposal includes funding to drill test these and other targets on the greater Kirkland Lake property. The updated Amalgamated Kirkland geologic and mineral models have identified opportunities for growth both along strike and down dip of the currently identified mineral bodies.

Monument Bay, Canada

The Monument Bay Project hosts an indicated mineral resource of 1.787 million ounces of gold contained in 36.58 million tonnes at a grade of 1.52 g/t Au and an inferred mineral resource of 1.781 million ounces of gold contained in 41.97 million tonnes at an average grade of 1.32 g/t Au. The Monument Bay deposits are hosted in the Stull Lake Greenstone Belt comprised by three volcanic assemblages, ranging in age from 2.85 to 2.71 Ga. Gold and tungsten mineralization occurs along the steeply north dipping Twin Lakes Shear Zone and the AZ Sheer Zone.

The 2016 exploration program with a budget of $6.0 million has focused on improving the drill density within the high-grade mineralized shoots on the eastern portion of the Twin Lakes deposit. The drill programs at Monument Bay are executed in the first 3 to 4 months of the year and following a 2 to 3 month camp shutdown due to the change from winter to summer conditions, further drilling is completed. The summer drill program began mid-August and continued into late October during 2016. The drill program focused on the central portions of the Twin Lakes deposit with the objective of defining and extending the high-grade mineral bodies and conversion of uncategorized mineral bodies. The program completed 7,763 metres distributed in 16 holes during the quarter and completed 15,356 metres distributed in 43 drill holes during 2016. Assay results for both objectives are in line with expectations, establishing continuity to the high-grade mineral shoots and providing important data to model the bulk lower grade zones that envelop the high-grade shoots.

The results of the 2016 program are being processed and added to the mineral model for the property. A more wholesome update will be completed following the winter 2017 program.

Brio Gold Exploration

The 2016 exploration program at Brio Gold was primarily focused on infill and mineral resource expansion drilling in support of operations at Pilar and Fazenda Brasileiro. Brio Gold commenced exploration activities at Riacho dos Machados ("RDM") following its acquisition in April 2016, which also focused on in-mine drilling. The drilling program in 2016 at C1 Santa Luz was conducted to further delineate grade and geo-metallurgical zones for the technical work to support the re-commissioning of the mine and subsequent development work.

Pilar, Brazil

At Pilar, Brio Gold completed 63,140 metres of exploration drilling from the surface along with 3,340 metres of mine operations drilling from underground. Infill drilling at Pilar continued to demonstrate the continuity of the Pilar mineral resource down-dip and along strike, further expanding the mineral resources at the mine. Surface exploration drilling and underground development progressed along strike to the southeast, extending beyond a major fault zone, to allow for production on the other side.

Exploration continued in support of operations at the Maria Lazarus satellite mine. Drilling was conducted from both the surface, 12,390 metres, and from underground, 505 metres, further extending the Maria Lazara mineralized zone. In addition, exploration was conducted at the potential open-pit, Tres Buracos, which is 5 kilometers north of the Pilar underground operation, with 6,250 metres drilled. In-fill drilling expended the limits of the deposit as well as was used to update mine planning for the economic evaluation of the deposit.

Drilling during 2017 is planned to be about 55,000 metres, along with underground development specifically to establish drill stations at Maria Lazara. Exploration is expected to be conducted at Pilar, Maria Lazara, Tres Buracos, as well as other near-mine targets.

Fazenda Brasileiro, Brazil

At Fazenda Brasileiro, Brio Gold completed a large exploration program in 2016, having drilled approximately 95,170 metres. Drilling focused on the expansion of mineral resources and on the conversion and replacement of the mineral reserve base. Exploration successfully expanded the mineral resources to replace 2016 production as well as provide for additional future mineral resources. Drilling of the main mineralized horizons, CLX1 and CLX2, was successful at extending mineralized zones, especially in the C-Ramp, E-Ramp, and G-Ramp areas. Drilling was also conducted at the Lago do Gato target to in-fill holes in advance of planned open-pit production.

Drilling continued to discover mineralization in the Canto Sequence, a relatively unexplored mineralized horizon directly below the main mining horizons. Canto mineralization, originally identified in the E388 part of the mine, was significantly expanded by positive results from the E388, C32GPE, and C52E15 areas, demonstrating the significance of the Canto horizon to the longevity of the MFB mine life. Surface drilling of the Canto 1 and Canto 2 open pit areas, resulted in good results for potentially extending these pits downward and/or extending the underground Canto mineralization upward.

During 2016, 2,716 metres of surface drilling was conducted to test potential near-mine targets, 5 to 10 kilometres northeast of the Fazenda Brasileiro mine. Mineralization was intercepted at the Papagaio and Raminhos targets and further follow-up work is needed.

The 2017 exploration program is planned to include approximately 60,000 metres of drilling, targeted at the Canto Zone and other high potential areas, near surface and existing infrastructure with mineral resource conversion and production will be the focus.

RDM, Brazil

Following the acquisition of Mineração Riacho dos Machados from Carpathian Gold in early 2016, a transition process began to incorporate this active gold open-pit operation into the Brio Gold organization. As part of this process, a program of reverse circulation drilling, as well as core drilling was conducted through December 2016. Reverse circulation drilling of 3,630 metres was conducted to support short to mid-range mine planning. Core drilling of 2,033 metres was conducted to support mineral resource modelling and long-range mine planning. Both sets of information will be used for the update of mineral resources and mineral reserves planned for early 2017.

In 2017, a drilling program is planned to explore the deeper underground potential that has been identified at the mine. Current plans include approximately 6,000 metres of drilling to confirm the down-dip extensions and to support a follow-up program of in-fill drilling of this potential underground target.

C1 Santa Luz, Brazil

During early 2016, an infill drilling program was completed at C1 Santa Luz to support the work for the technical report for the re-commissioning of the mine. From October 2015 to April 2016, Brio Gold completed over 16,420 metres with the objective of obtaining samples to characterize the geo-metallurgy of the mineralization, as well as obtain geotechnical information for pit slope design. The results were incorporated into a new mineral resource model that formed the basis for the updated mineral resources and mineral reserves presented in the September 2016 Technical Report. Significant results included the spatial delineation and metallurgical characterization of a carbonaceous host unit and a dacite host unit.

Based on observations from the mid-2016 mineral resource model, a subsequent drilling program was started in December 2016 to infill remaining drill-hole data gaps and to locally provide better control in the modelling of high-grade mineralization. This 3,900-metre drilling program is expected to be completed by the end of the first quarter of 2017.

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, 2016 were 14.3 million ounces of gold, excluding the Brio Gold mineral reserves attributable to Yamana equity holders, compared to 14.8 million ounces of gold in 2015. In 2016, a total of 1.3 million contained ounces of gold was extracted through production (representing a post recovery production of 1.0 million ounces of gold, excluding Brio Gold). Proven and probable mineral reserves decreased marginally by 3.8%, representing the depletion in excess of mineral reserves additions during the year notably at Upper Beaver. Silver mineral reserves were 80.7 million ounces, representing a 14.5% decrease from the 2015 level predominantly driven by silver production in the year and more stringent operational and economic parameters for the determination of the ability to mine the mineral reserves resulting from the revised mine plan that addresses the narrow vein configuration of the mine. Copper mineral reserves were 3.27 billion pounds, a result of mine depletion, offset by a reclassification from mineral resources.

Total measured and indicated mineral resources as at December 31, 2016 were 19.5 million ounces of gold. The decrease in measured and indicated mineral resources was mainly due to the decrease at Gualcamayo as a result of the exclusion of selective mining units due to the more restrictive cutoff parameters being used in establishing measured and indicated mineral resource estimates. Total measured and indicated mineral resources for silver were 54.6 million ounces with a decrease at El Peñón due to the result of the depletion of the model using the excavation models for 2016. Total measured and indicated mineral resources for copper were 666 million pounds, relatively unchanged from 2015. Total inferred mineral resources as at December 31, 2016 were 12.8 million ounces of gold, 75.7 million ounces of silver and 533 million pounds of copper. An increase in mineral resources for gold reflected the addition of the maiden inferred mineral resource at Odyssey of Canadian Malartic and increase at the Anoki-McBean property, Cerro Condor, Potenciales and Las Vacas at Gualcamayo and Sucupira.

Assumptions for metal prices used in the estimates of mineral reserves and mineral resources include the following operating mines and development project. For details, refer to the mineral reserve and mineral resource tables contained in the Company's 2016 annual report.

	Gold	Silver	Copper
Chapada	$1,150	$18.00	$3.00
El Peñón	$1,150	$18.00	n/a
Canadian Malartic (50%)	$1,200	n/a	n/a
Gualcamayo	$1,200	n/a	n/a
Minera Florida	$1,200	$19.00	n/a
Jacobina	$950	n/a	n/a
Cerro Moro	$950	$18.00	n/a

The Company's mineral reserves and mineral resources as at December 31, 2016 are summarized in the following tables. Complete information relating to mineral reserves and mineral resources indicating a complete listing of metal-price assumptions, tonnage, grade and recoveries is contained in a complete mineral resource and mineral reserve table accompanying the 2016 annual report available on the Company's website, www.yamana.com.

Yamana, excluding Brio Gold

Mineral Reserves & Mineral Resources Estimates *(i)*	**Contained Gold**		**Contained Silver**		**Contained Copper**	
Proven & Probable Mineral Reserves	**(in 000's ounces)**		**(in 000's ounces)**		**(in million pounds)**	
	2016	2015	**2016**	2015	**2016**	2015
Chapada	**4,081**	4,118	**—**	—	**3,248**	3,033
El Peñón	**1,053**	1,456	**36,109**	49,765	**—**	—
Canadian Malartic (50%)	**3,548**	3,863	**—**	—	**—**	—
Gualcamayo	**754**	967	**—**	—	**—**	—
Minera Florida	**468**	596	**3,458**	3,860	**—**	—
Jacobina	**1,885**	1,995	**—**	—	**—**	—
Cerro Moro	**715**	715	**40,723**	40,723	**—**	—
Jeronimo (57%)	**1,082**	1,082	**—**	—	**—**	—
Upper Beaver (50%)	**698**	—	**—**	—	**22**	—
Total Proven & Probable Mineral Reserves	**14,284**	14,792	**80,290**	94,348	**3,270**	3,033

Mineral Reserves & Mineral Resources Estimates *(i)* Measured & Indicated Mineral Resources	Contained Gold (in 000's ounces)		Contained Silver (in 000's ounces)		Contained Copper (in million pounds)	
	2016	2015	**2016**	2015	**2016**	2015
Chapada	**1,889**	2,037	**3,775**	3,775	**660**	838
El Peñón	**628**	905	**21,484**	26,982	**—**	—
Canadian Malartic (50%)	**644**	625	**—**	—	**—**	—
Gualcamayo	**2,815**	4,451	**—**	—	**—**	—
Minera Florida	**909**	867	**5,510**	4,952	**—**	—
Jacobina	**2,637**	2,575	**—**	—	**—**	—
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**	1,787	**—**	—	**—**	—
Hammond Reef (50%)	**2,251**	2,251	**—**	—	**—**	—
Upper Beaver (50%)	**202**	900	**—**	—	**6**	34
Amalgamated Kirkland (50%)	**133**	133	**—**	—	**—**	—
Anoki-McBean (50%)	**160**	—	**—**	—	**—**	—
Total Measured & Indicated Mineral Resources	**19,478**	21,954	**54,605**	59,545	**666**	872

Mineral Reserves & Mineral Resources Estimates *(i)* Inferred Mineral Resources	Contained Gold (in 000's ounces)		Contained Silver (in 000's ounces)		Contained Copper (in million pounds)	
	2016	2015	**2016**	2015	**2016**	2015
Chapada	**870**	972	**982**	982	**514**	678
El Peñón	**1,413**	1,519	**54,025**	58,073	**—**	—
Canadian Malartic (50%)	**215**	213	**—**	—	**—**	—
Odyssey (50%)	**714**	0	**—**	—	**—**	—
Gualcamayo	**1,656**	1,543	**—**	—	**—**	—
Minera Florida	**1,012**	933	**5,704**	5,050	**—**	—
Jacobina	**1,549**	1,549	**—**	—	**—**	—
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**	1,781	**—**	—	**—**	—
Hammond Reef (50%)	**6**	6	**—**	—	**—**	—
Upper Beaver (50%)	**708**	658	**—**	—	**19**	32
Amalgamated Kirkland (50%)	**203**	203	**—**	—	**—**	—
Anoki-McBean (50%)	**191**	—	**—**	—	**—**	—
Total Inferred Mineral Resources	**12,841**	11,900	**75,701**	79,095	**533**	710

Brio Gold (Attributable to Yamana Equity Holders 84.6%) *(i)*

Mineral Reserves & Mineral Resources Estimates *(ii)* *(Contained Gold in 000's ounces)*	Proven & Probable Mineral Reserves		Measured & Indicated Mineral Resources		Inferred Mineral Resources	
	2016	2015	**2016**	2015	**2016**	2015
Brio Gold Inc.	**2,327**	621	**1,633**	1,901	**2,194**	2,602

(i) Pilar, Fazenda Brasileiro, RDM and C1 Santa Luz are held within Brio Gold. Currently, C1 Santa Luz is on care and maintenance. Disclosures of current and prior year mineral reserves and mineral resources have been adjusted to reflect the Company's interest of 84.6% in Brio Gold.

(ii) Refer to the complete Mineral Reserves & Mineral Resources tables in the Company's *2016 Annual Report*. Numbers may not add due to rounding.

Further information by mine is detailed below.

Canadian Malartic including Odyssey, Canada (50%)

At Canadian Malartic, Yamana's 50% share of mineral reserves were 3.5 million ounces of gold contained in 102 million tonnes of ore at 1.08 g/t. Measured and indicated mineral resources were 644,000 ounces of gold contained in 13 million tonnes of ore at 1.53 g/t of gold. Inferred mineral resources of 929,000 ounces of gold, including Odyssey, contained in 15 million tonnes of ore at 1.93 g/t gold.

The Odyssey exploration program was successful and its mineral deposit now has an inferred mineral resource classification of 714,000 ounces contained in 10 million tonnes of ore at 2.15 g/t gold, calculated at a cut-off grade of 1.0 g/t of gold. These calculations are based on the Odyssey deposit potential for a bulk tonnage underground mining operation.

The decrease in mineral reserves, compared to prior year, was principally due to mining extraction and production in 2016 which totalled 292,514 ounces of gold which represented record production partly offset by estimates established on the new economic parameters.

The 2016 exploration program focused on underground and surface exploration at Pandora for Lapa style mineral bodies, and upgrading the known Odyssey mineral deposit at the Canadian Malartic mine to inferred mineral resources.

Drilling during the fourth quarter continued to focus on mineral resource upgrade of the Odyssey North and South mineral bodies and added a program to specifically test the proposed north to south trending higher grade cross structures. Assay results from the North and South deposits are in line with expectations and multiple intercepts returned from the internal cross cutting structural zones present a more complex geologic picture than envisioned and will require further interpretation and drilling to best understand the continuity.

El Peñón, Chile

Gold mineral reserves were approximately 1.1 million ounces and silver mineral reserves were approximately 36.1 million ounces, contained in 6.5 million tonnes of ore at 5.02 g/t of gold and 172.4 g/t of silver. Gold and silver mineral reserves decreased as the result of depletion of the mine for the year (resulting from post-recovery production of 220,209 ounces of gold and approximately 6.0 million ounces of silver) and above plan internal waste encountered during the year in ultra-narrow veins and secondary vein zones, particularly in the third and fourth quarters. The decrease is also attributable to a more stringent criteria for incremental ore and mineral reserves category definition in light of the revised mine plan that addresses the current configuration of the vein zones and improve the reliability of the mineral reserves.

Measured and indicated mineral resources were 628,000 ounces of gold and 21.5 million ounces of silver contained in 3.2 million tonnes of ore at 6.1 g/t of gold and 208.7 g/t of silver. Lower gold and silver measured and indicated remaining mineral resources were the result of the depletion of the model using the excavation models for 2016. Inferred mineral resources of 1.4 million ounces of gold and 54.0 million ounces of silver contained in 6.4 million tonnes of ore at 6.90 g/t gold and 263.7 g/t silver.

The initial 2016 exploration program's main goal was to find another principle structure similar to Quebrada Orito, Quebrada Colorada or Bonanza. The primary targets in the northern and southern blocks of the property returned mixed results, with several narrow yet high-grade intercepts indicating the continuation of the mineral system at both extents of the property. One area of promising success was the identification of existing high-grade moderate-width intercepts beneath the Quebrada Colorada and Providencia structures that are open to depth and along strike. Also during 2016, the exploration and infill programs have tested north-south and north-west trending structures that are parallel to the main structural trends. In many cases, narrow yet high-grade gold and silver intercepts were located, but given the current mining extraction protocols, excessive excavation would over dilute the high-grade zones rendering them sub-economic. The Company has successfully developed narrow-vein mining techniques during the third and fourth quarters that will allow for economic extraction of many of the narrower yet high-grade intervals being generated through careful and well planned exploration of the core mine vein systems. The district exploration program conducted field examinations of district and regional targets during the fourth quarter to develop and prioritize the best targets to develop and drill test during 2017.

Chapada, Brazil

Gold mineral reserves were approximately 4.1 million ounces contained in 618 million tonnes at 0.21 g/t of gold, representing a small decline over the prior year as the result of mine depletion offset by new mineral reserves. Gold measured and indicated mineral resources were 1.9 million ounces contained in 215 million tonnes of ore at 0.27 g/t, lower by 7% from the prior year. Gold inferred mineral resources were 0.9 million ounces contained in 99 million tonnes of ore at 0.27 g/t of gold. Mineral reserves and mineral resources for gold remained relatively constant over the prior year, impacted predominantly by depletion.

Copper mineral reserves were approximately 3.25 billion pounds contained in 559 million tonnes of ore at 0.26% of copper. Copper measured and indicated mineral resources were 660 million pounds contained in 125 million tonnes of ore at 0.24% of copper. Copper inferred mineral resources increased by 40% to 514 million pounds, contained in 71 million tonnes of ore at 0.33% of copper. Higher mineral reserves compared to 2015 was the result of reclassification from mineral resources, which more than offset the current year depletion. Mineral reserves and mineral resources for copper remained relatively constant over the prior year, impacted predominantly by depletion.

The near mine program was focused and successful on defining and expanding the Sucupira mineral resource immediately adjacent to the main Chapada pit, testing and developing an IP anomaly immediately beneath the pit and testing for extensions of the oxide mineral envelopes at Suruca and Hidrothermalito. The core mine exploration program has identified a continuous, low to moderate grade copper and gold unclassified mineral body above and immediately north of the Sucupira mineral body that is under review by mine geologists and engineers for further work. The core mine infill program is concentrating on providing increased grade definition of the ore zones. Results are encouraging from all programs. The District exploration program at Chapada is targeting the discovery of new deposits within the extensive concession holdings surrounding the Chapada deposit and exploring holdings distal to the Chapada Mine which present similar geologic, geochemical and geophysical characteristics within the Mara Rosa Greenstone Belt. Drilling during the second half of 2016 identified a second east to west trending disseminated copper and gold deposit with grades and alteration similar to those found within the Chapada main pit. Results to date are impressive and indicate that further drilling is required to define the extent of mineralization.

Gualcamayo, Argentina

Gold mineral reserves were 754,000 ounces contained in 18 million tonnes of ore at 1.29 g/t of gold. Gold measured and indicated mineral resources were 2.8 million ounces contained in 47 million tonnes of ore at 1.88 g/t of gold. Inferred mineral resources of 1.7 million ounces of gold contained in 26 million tonnes of ore at 1.97 g/t gold.

Decrease in the proven and probable mineral reserve categories was mainly due to depletion, a marginal reclassification of mineral reserves to mineral resources and more stringent parameters. Lower measured and indicated mineral resources was the result of the more restrictive cutoff parameters being used in establishing measured and indicated mineral resource estimates. The increase in inferred mineral resources results from the successful exploration at Cerro Condor, Potenciales and Las Vacas.

Exploration drilling that commenced in late 2015 to discover and develop new oxide ounces amenable to current heap leach processing technology continued into early 2016. The program focused on near-mine targets and included the collection of 10-metre channel samples for geochemical analysis. Very positive results were returned from two areas immediately adjacent to the current open pit. Results for Cerro Condor, Potenciales and Las Vacas near surface continue to support resource growth of these near mine target areas. A 2.7-kilometre access road from Las Vacas to the near mine Quebrada de Rodado area was completed and sampled during the quarter, exposing new geologic and geochemical targets to be drill tested in early 2017. The district mapping and sampling program collected 2,699 samples during 2016. These results will be compiled along with geophysical and remote sensing data to identify and rank targets for additional ground work and eventual drill programs in 2017 and 2018. An updated mineral resource and mineral reserve calculation from the new discoveries will be completed in the first quarter of 2017.

Jacobina, Brazil

Gold mineral reserves were approximately 1.9 million ounces contained in 20.6 million tonnes of ore at a grade of 2.85 g/t of gold. Gold measured and indicated mineral resources were 2.6 million ounces contained in 33.5 million tonnes of ore at a grade of 2.45 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 remained relatively unchanged for the year with the decrease in mineral reserves resulting from depletion of the mine being offset by an increase in measured and indicated mineral resources

The exploration program tested targets at Morro do Vento during the fourth quarter extending local mineral envelopes whilst limiting others. Drill testing of the Canavieiras Sul deposit in the second half of the year has shown promise for adding new ounces nearer to the surface in the upper portions of the deposit during 2017 which could provide short and medium term growth opportunities. Surface chip sampling of the Upper Conglomerate exposures has shown that mineralization extends to the surface and new exploration targets for drilling exist beneath these anomalies providing medium and long term growth opportunities. The goals of ore delineation for mining purposes are being accomplished, with current developed mineral reserves approximating 6 months of production. The goal is to ultimately reach greater than 12 months of developed mineral reserves ahead of production. Exploration will now add mineral resource growth to the list of goals, and will be testing and expanding the margins of known deposits, and developing new targets for long term sustainability and growth.

Minera Florida, Chile

Gold mineral reserves were approximately 468,000 thousand ounces and silver mineral reserves were approximately 3.5 million ounces, contained in 5.3 million tonnes of ore at 2.77 g/t of gold and 20.5 g/t of silver, after production of 104,312 ounces of gold and 429,048 ounces of silver. Gold and silver mineral reserves decreased as the result of depletion of the mine for the year.

Gold and silver mineral resources in the measured and indicated categories increased slightly to 909,000 thousand ounces gold and 5.5 million ounces silver contained in 5.3 million tonnes of ore at 5.32 g/t gold and 32.3 g/t silver. Inferred mineral resources of 1,012,000 ounces gold and 5.7 million ounces silver contained in 5.9 million tonnes of ore at 5.50 g/t gold and 29.7 g/t silver.

At Minera Florida, exploration activities in 2016 changed from a focus of infill and reserve replacement in 2015 to a focus of mineral resource discovery and growth. During 2016, the Company completed 28,362 metres distributed in 104 holes. Results are in-line with expectation, encountering reserve grade intercepts over potentially mineable widths adjacent to the developed ore bodies. The Company has demonstrated that fault offset targets of important ore bodies found within the core mine complex are present east of the Maqui Fault, and that new extensions within the core mine complex will continue to provide growth of mineral resources and mineral reserves.

The Company has completed the consolidation of the Minera Florida mine concessions surrounding the core mine area, including Mila, Volga, Irina and other concessions that total more than 3,100 hectares. The consolidation of land gives the Company control of the majority of the Florida mineral district and provides access to previously unexplored ground immediately south and southeast of the productive mine area where geologists worked during the quarter to map, sample and identify targets for drill testing. One target developed near the core mine deposits as part of the district exploration program was drill tested mid quarter and returned very encouraging results. The second hole in the Las Pataguas target returned 16 metres of 7.77 g/t Au including 6.6 metres of 13.4 g/t. Follow-up drill testing is on-going and expected to confirm and extend this new target. Geologists are continuing to map, sample and identify further targets for drill testing in 2017.

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 2 million tonnes of ore at a grade of 11.38 g/t gold and 648.3 g/t silver. Gold and silver mineral resources in the measured and indicated categories were unchanged 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 mineral resources of 279,000 ounces of gold and 14.4 million ounces of 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, unchanged from 2015.

A substantial infill drilling program was run in 2016 to confirm previously determined indicated mineral resources with tighter spaced drilling. Currently, the infill program results are being modeled and early reviews suggest the exercise was successful in confirming those mineral resources and has the impact of de-risking the project and the startup risk of the mine. Engineering studies are continuing, and the mineral resource model zones are being updated to new drilling and some new geological interpretation. The fourth quarter program focused on infill drilling at Zoe and exploration drilling at the Tres Lomas target, 2 kilometres to the south of Zoe. Quarterly and year results are positive, and are expected to add mineral resource ounces at Zoe, Escondida Far West, West and Central, and at the Gabriela deposit in the future. The increased spend in 2017 is focused on expanding mineral resources to ensure an extension of mine life and an increase in the value of the mine.

Kirkland Lake - Upper Beaver and Anoki-McBean, Canada (50%)

In the current year, 698,000 ounces of gold of mineral resources at Upper Beaver were upgraded to mineral reserves, while the Anoki-McBean target has a newly classified inferred mineral resource of 191,000 ounces.

At Kirkland Lake, ground investigations surrounding the Upper Beaver deposit have developed numerous anomalous surface exposures of magnetite-quartz vein material similar to those that host mineralization at Upper Beaver. Work during the fourth quarter included collection of induced polarization, walking magnetics, VLF-EM survey data to the southeast of the Upper Beaver deposit and elsewhere on the Kirkland Lake property, gathering of hydrologic data to support the Pre-feasibility study of Upper Beaver and a review of the Anoki McBean deposit remaining resources.

The Anoki McBean property forms part of the Kirkland Lake Project and is located in the south central region of the Gauthier Township in northeastern Ontario. Micon International Limited was retained to provide an updated mineral resource estimate and technical report for the property. The study includes the addition of 39 infill holes and a complete re-interpretation of geology, structure and mineralization to supersede the last mineral resource estimate completed in January 2010. The dominant geologic feature on the property is the Larder-Cadillac Break ("LCB"), which occurs as a 30 to100-metre wide package of highly sheared and deformed rocks. The McBean deposit is totally contained within the LCB deformation corridor of sheared Lower Tisdale assemblage. The gold mineralization and accompanying alteration associated with the Anoki and McBean deposits are structurally controlled and related to the LCB deformation zone. The combined Anoki-McBean mineral resource is already developed by ramp, several shafts, underground levels and an open pit. Both deposits remain open at depth (down-plunge) and along strike.

The 2017 budget proposal includes funding to drill test these and other targets on the greater Kirkland Lake property. The updated Amalgamated Kirkland geologic and mineral models have identified opportunities for growth both along strike and down dip of the currently identified mineral bodies.

Brio Gold Mines, Brazil (84.6%)

Gold mineral reserves were approximately 2.3 million ounces contained in 51 million tonnes of ore at a grade of 1.41 g/t of gold. Gold measured and indicated mineral resources were 1.6 million ounces contained in 25 million tonnes of ore at a grade of 2.00 g/t of gold. Inferred mineral resources were 2.2 million ounces contained in 27 million tonnes of ore at an average grade of 2.56 g/t of gold. The increase in mineral reserves was mainly attributable to mine depletion , which was more than offset by the addition from the acquisition of RDM and the reclassification of certain C1 Santa Luz mineral resources to mineral reserves. Mineral resources were lower as the result the aforementioned reclassification to the mineral reserve categories and partly offset by new discoveries.

9. LIQUIDITY, CAPITAL RESOURCES AND CONTRACTUAL COMMITMENTS

LIQUIDITY

The Company continues to focus on containing costs to maximize available cash to fund planned growth, development activities, expenditures and commitments. Management is of the view that planned growth, development activities, expenditures and commitments will be sufficiently funded by current working capital, future operating cash flows and available credit facilities.

As of December 31, 2016, the financial resources available to the Company in meeting its financial obligations include undrawn revolving facility of $883.8 million and positive working capital of $77.3 million. In addition, as a low-cost precious metal producer, the Company has had uninterrupted positive cash flows from operations even during the time when precious metal prices were below cycle norm in the past 2 years. For the year ended December 31, 2016, cash flows from operating activities from continuing operations were $651.9 million, increased by 24% from the same period of 2015, and it is expected to remain positive and incremental in the foreseeable future. The Company's near-term financial obligations include repayment obligation of long-term debt of $127.3 million in 2017 and 2018, construction and service contract commitments and operating leases of $314.3 million and sustaining capital expenditures of approximately $204.0 million within the next 12 months. The Company's expansionary and exploration capital expenditures are discretionary which allow management a reasonable degree of flexibility in managing its financial resources. Based on its current credit rating, the Company expects that it can refinance the existing long-term debts in similar or more favourable terms to support the execution of the Company's business strategy. Further information with regards to ongoing sustaining capital expenditures, and commitments by year can be found in this note.

The Company's continuous commitment to balance sheet and cost improvement will further strengthen its financial position, and is highlighted by the following initiatives in 2016:

- The Brio Gold purchase rights offering, closed in late December, generated proceeds of $40.7 million;
- Monetization of the Mercedes mine for $122.5 million in cash plus equity securities and NSR for an additional value of $23.2 million on close of the transaction;
- Further cash generative consideration from the Mercedes sale of VAT recoveries received in excess of $15.5 million gross, or $12.4 million net of tax on proceeds;
- Monetization of the share purchase warrants to purchase 15 million shares of Sandstorm Gold Ltd for proceeds of $33.6 million;
- Early repayment of senior debt notes of $17.8 million;
- Scheduled repayment of senior debt notes of $73.5 million, and
- Repayment of revolver debt, net of draw, of $70.0 million.

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

As at December 31, *(In millions of US Dollars)*		**2016**		2015
Cash	**$**	**97.4**	$	119.9
Trade and other receivables	**$**	**36.6**	$	45.9
Long term debt *(excluding current portion)*	**$**	**1,573.8**	$	1,676.7
Working capital *(i)*	**$**	**77.3**	$	106.9

(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 $97.4 million as at December 31, 2016 compared to $119.9 million as at December 31, 2015. 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 $77.3 million as at December 31, 2016, compared to $106.9 million as at December 31, 2015.

The following table summarizes cash inflows and outflows:

For the years ended December 31, (In millions of Dollars)		**2016**		2015
Cash flows from operating activities from continuing operations	**$**	**651.9**	$	514.0
Cash flows from operating activities before changes in working capital *(i)*	**$**	**626.6**	$	654.8
Cash flows used in financing activities from continuing operations	**$**	**(308.2)**	$	(204.6)
Cash flows used in investing activities from continuing operations	**$**	**(367.0)**	$	(367.2)

(i) A cautionary note regarding non-GAAP measures and additional line items or subtotals in financial statements 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 for the year ended December 31, 2016 were $651.9 million, compared to $514.0 million for the year ended December 31, 2015. Cash flows from operating activities before net change in working capital (a non-GAAP measure, see *Section 14*) for the year ended December 31, 2016 were $626.6 million, compared to $654.8 million generated for the same period of 2015. Cash flows from operating activities for the period include $64.0 million received as an advance payment on the metal agreements with Altius and Sandstorm, compared to $148.0 received in 2015 associated with Sandstorm. Cash flows from operating activities were impacted by the absence of cash distributions from Alumbrera for the year, compared to $17.5 million for the year ended December 31, 2015.

Net change in working capital for the year ended December 31, 2016 was cash inflows of $25.3 million, compared to outflows of $140.8 million for the year ended December 31, 2015. The large outflows in working capital in 2015 reflected a reduction in trade payables, repayments of accounts receivable financing credits and repayment of loans from Alumbrera, with no current period comparatives.

The Company's cash flows from operating activities are expected to remain positive and increase organically, subject to prevailing prices of gold, silver and copper, in 2017. 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 $308.2 million for the year ended December 31, 2016, compared to outflows of $204.6 million in year ended December 31, 2015.

Cash flows used in financing activities in 2016 depict a larger cash outflow, the result of the proceeds from common shares offering of $228.2 million received in 2015 with no comparative in 2016. This was partially offset by the fact that in 2016 the Company had lower debt repayments, interest, finance expense and dividends paid, compared to 2015.

Total debt was $1.59 billion as at December 31, 2016, compared to $1.77 billion as at December 31, 2015. Net debt (a non-GAAP financial measure, see *Section 14*) as at December 31, 2016 was $1.50 billion, decreasing by 10%, compared to $1.65 billion as at December 31, 2015. The Company continues its effort to further reduce its net debt to further strengthen and sustain a robust financial position.

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

(In millions of US Dollars)	**2017**	**2018**	**2019**	**2020**	**2021**
Senior debt notes	—	110.0	181.5	85.0	120.0

The balance of senior debt notes of $1.09 billion is due in or after 2022.

The Company has a revolving credit facility with a maturity date of 2021. 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 2021.

CASH FLOWS USED IN INVESTING ACTIVITIES FROM CONTINUING OPERATIONS

Cash outflows used in investing activities from continuing operations were $367.0 million for the year ended December 31, 2016, compared to cash outflows of $367.2 million for the year ended December 31, 2015. Cash flows from investing activities included proceeds from sale of the Mexican operations, 15% of the Company's interest in Brio, share purchase warrants from Sandstorm and other assets for $212.3 million for the year ended December 31, 2016, compared to cash inflows of $18.6 million from sale of bonds. Cash used in capital expenditures and acquisition of assets was $540.4 million for the year ended December 31, 2016, compared to $353.8 million for the year ended December 31, 2015. Cash used in settlement of derivative contracts was $7.6 million for the year ended December 31 2016, compared to $23.7 million for the year 2015.

Capital expenditures including sustaining, expansionary and capitalized exploration and evaluation for the year ended December 31, 2016, were $495.4 million, compared to capital expenditures of $353.8 million for the year ended December 31, 2015. These expenditures were incurred as follows:

For the years ended December 31, (In millions of US Dollars)	**Sustaining & other**	**Expansionary**	**Exploration**	**2016**	2015
Chapada	**$ 61.2**	**$ 16.8**	**$ 4.6**	**$ 82.6**	$ 56.3
El Peñón	**60.4**	**5.1**	**22.9**	**88.4**	76.0
Gualcamayo	**6.7**	**3.0**	**12.1**	**21.8**	15.8
Canadian Malartic	**51.0**	**2.2**	**7.5**	**60.7**	58.3
Minera Florida	**23.2**	**16.1**	**6.0**	**45.3**	39.4
Jacobina	**35.0**	**6.0**	**5.1**	**46.1**	31.0
Cerro Moro	**—**	**59.2**	**4.7**	**63.9**	33.9
Brio	**38.0**	**17.6**	**11.6**	**67.2**	31.4
Other	**5.0**	**8.5**	**5.9**	**19.4**	11.7
Total capital expenditures *(i)*	**$ 280.5**	**$ 134.5**	**$ 80.4**	**$ 495.4**	**$ 353.8**

(i) 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 17, 2017, the total number of shares outstanding were 947.9 million, the total number of stock options outstanding were 2.2 million, the total number of Deferred Share Units ("DSU") outstanding were 3.8 million, the total number of Restricted Share Units ("RSU") outstanding were 0.7 million, and the total number of Performance Share Units ("PSU") outstanding were 1.9 million.

The following table summarizes the weighted average common shares and equity instruments outstanding as at December 31, 2016:

(In thousands)	**Equity instruments outstanding as at December 31, 2016**	**Weighted average dilutive equity instruments, three months ended December 31, 2016**	**Weighted average dilutive equity instruments, year ended December 31, 2016**
Common shares *(i)*	**947,798**	**947,647**	**947,443**
Stock options *(iii)*	**2,242**	**—**	**—**
RSU *(iii)*	**707**	**—**	**—**
DSU *(ii)*	**3,829**	**—**	**—**
PSU *(ii)*	**1,873**	**—**	**—**
		947,647	**947,443**

(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, 2016, a total of 15,691,653 shares were subscribed to under the plan.

(ii) DSU and PSU are settled in cash and, as such, excluded from the calculation of the weighted average number of shares outstanding.

(iii) Effect of dilutive securities - the potential shares attributable to stock options and RSUs were anti-dilutive for the periods ended December 31, 2016.

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, 2016, the Company is contractually committed to the following:

(In millions of US Dollars)		**Within 1 year**	**Between 1 to 3 years**	**Between 3 to 5 years**	**After 5 years**	**Total**
Mine operating/construction and service contracts and other	$	312.4 $	247.5 $	57.7 $	10.4 $	628.0
Long-term debt principal repayments *(i)*		18.7	292.0	204.1	1,089.6	1,604.4
Decommissioning, restoration and similar liabilities (undiscounted) *(ii)*		14.4	20.3	32.9	665.3	732.9
	$	**345.5 $**	**559.8 $**	**294.7 $**	**1,765.3 $**	**2,965.3**

(i) Excludes interest expense.

(ii) As required by law, the Company arranged irrevocable letters of credit for the amounts of $18.3 million (C$24.6 million) in favor of the Government of Quebec and $0.4 million (C$0.5 million) in favor of the Government of Ontario 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 letters of credit will be automatically extended for one year periods from the expiration date and future expiration dates thereafter.

10. INCOME TAXES

The Company recorded an income tax recovery of $324.9 million for the year ended December 31, 2016 (2015 - $476.3 million recovery). The decrease in the income tax recovery for the year is a result of a lower reversal of deferred tax liabilities on impairment, the breakdown of which is as follows:

For the years ended December 31, (In millions of Dollars)	**2016**	2015
Adjusted income tax expense	$ **28.0**	$ 181.0
Non-cash tax (recovery)/expense related to unrealized foreign exchange	**(20.0)**	202.1
Non-cash tax recovery related to impairments	**(218.8)**	(539.6)
Change in tax rates	**(18.6)**	(9.4)
Tax on adjusted earnings items	**(95.5)**	(310.4)
Income tax recovery	$ **(324.9)**	$ (476.3)

The balance sheet reflects a deferred tax asset of $116.7 million and a deferred tax liability of $1.51 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 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 year, the spot rate of the US Dollar strengthened against the Argentinean Peso, and weakened against the Brazilian Real and the Canadian Dollar. As a result, a recovery of $20.0 million relating to unrealized foreign exchange losses 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 properties will not reverse until the property becomes a mine subject to depletion is written-off or sold. The deferred income taxes would only be paid on a direct disposition of the asset that may never occur.

The largest components of the deferred tax liabilities relate to:

(in millions of US Dollars)	**2016**	2015
Gualcamayo	$ **104.6**	$ 105.4
Jacobina	$ **91.8**	$ 139.1
Chapada	$ **55.8**	$ 84.2
Agua Rica	$ **396.1**	$ 396.1
El Peñón	$ **47.4**	$ 243.2
Canadian Malartic	$ **384.9**	$ 355.5
Exploration Potential	$ **367.3**	$ 432.9

See *Note 12: Income Taxes* to the Consolidated Annual Financial Statements for the year ended December 31, 2016 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 Form.

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

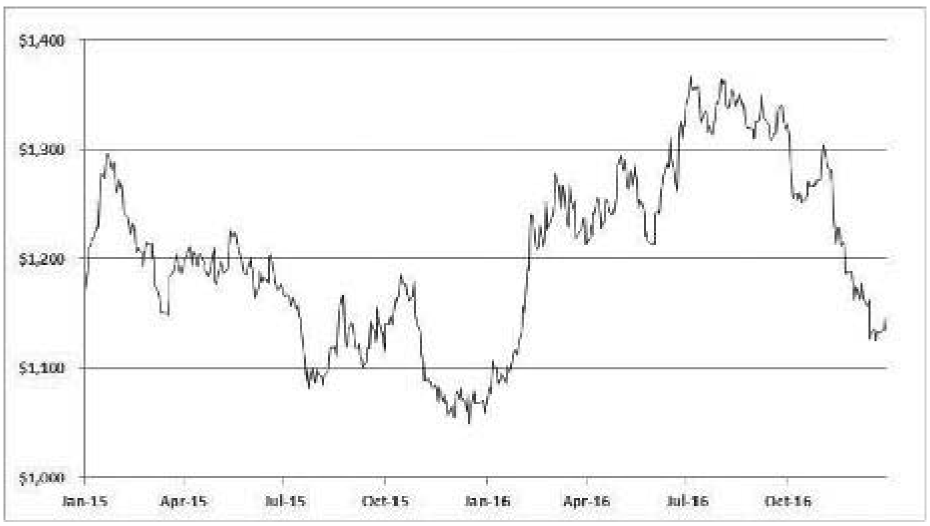
The Company's profitability and long-term viability depend, in large part, upon the market price of metals that may be produced from the Company's properties, primarily gold, copper and silver. Market price fluctuations of these commodities could adversely affect profitability of operations and lead 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, 2016, spot gold prices averaged $1,251 per ounce, or 8% higher, compared to $1,160 per ounce in 2015. Prices ranged between $1,077 and $1,366 per ounce and ended the year at $1,146 per ounce.

For the quarter ended December 31, 2016, spot gold prices averaged $1,222 per ounce, or 10% higher, compared to $1,106 per ounce in the fourth quarter of 2015. Prices ranged between $1,126 and $1,313 per ounce.

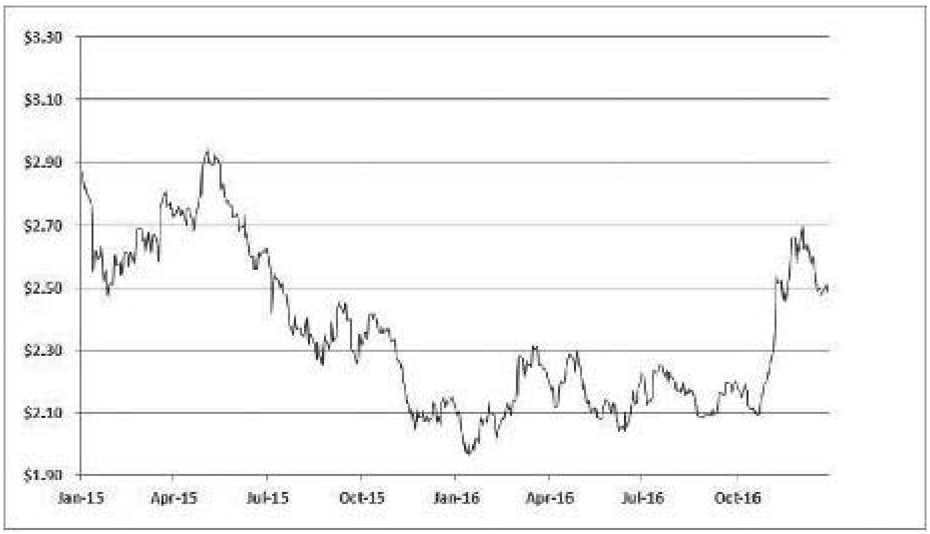
Gold held steady during the third quarter until the result of the US election became known. The outcome of the election surprised the market and US bond yields began to rise and the US dollar strengthened on the expectation of US fiscal stimulus which in turn pressured gold price. Gold price remained under pressure until a modest bounce in the final days of the year. The US Federal Reserve ("US Fed") increased the US Federal Reserve Funds ("Fed Funds") rate by 0.25% in December and indicated that they expect three increases during 2017. The December increase was the only US Fed action taken during all of 2016.

In the short-term gold price is not only likely to be driven by the changing sentiment as to the monetary policy path of the US Fed, but also by global uncertainty and European elections. While the US Fed has signaled three Fed Funds rate increases in 2017, this will be highly dependent on how new US policies affect economic growth. In December 2015 the US Fed had signaled four Fed Funds rate increases for 2016 but only a single increase materialized, primarily due to concerns over global uncertainty. If the US Fed continues to increase the Fed Funds rate in 2017 it is likely to be the only major central bank doing so as others are expected to maintain accommodative monetary policies. Global uncertainty and various European elections in 2017 could be a positive catalyst for gold price over the short term as the rise of populism may cause unexpected election results.

Physical demand for gold from India and China continues to be weak and while ETF investors decreased holdings during the quarter, global ETF gold holdings currently total approximately 65 million ounces which is an increase of about 15 million ounces since the beginning of 2016. The weak physical demand that has persisted in India and China may eventually provide a source of support on any pull backs, as buyers may use pull backs as an opportunity to satisfy demand that has accumulated over recent periods. Central banks continue to be net buyers with China and Russia being the most notable in 2016 based on the most recently available information.

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, 2016, spot copper prices averaged $2.21 per pound, representing a decrease of 12% compared to $2.50 per pound in 2015. Prices ranged between $1.96 and $2.69 per pound and ended the year at $2.50 per pound.

For the quarter ended December 31, 2016, spot copper prices averaged $2.39 per pound, representing an increase of 8% compared to $2.22 per pound in the fourth quarter of 2015. Prices ranged between $2.10 and $2.69 per pound.

Copper prices moved rapidly higher over the course of the fourth quarter. While the US election seemed to be a catalyst with the expectation of fiscal stimulus, positive data indicating increasing global industrial activity also contributed to the move. Chinese manufacturing data has been particularly positive which should help contribute to a more supportive price environment in coming months. The direction of the Chinese economy will continue to be a primary driver of copper prices going forward. Supply cuts that have been announced over the past 12 to 18 months, along with fewer new mines expected to begin operations over the medium term due to lower capital investment, should continue to help push the market towards balance and 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, 2016, the Company had 23 million pounds of copper forward sales contracts in place to April 2017 at an average price of $2.58 per pound.

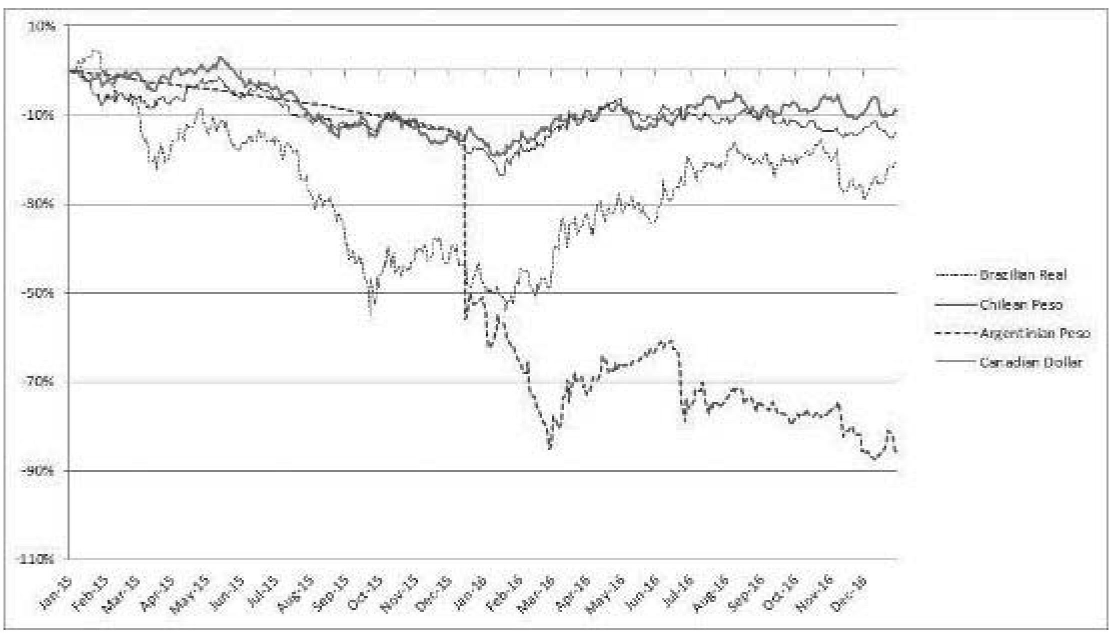
Currency Risk

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 or other risk management strategies, from time to time, to hedge against the risk of an increase in the value of foreign currencies in the jurisdictions in which the Company operates.

US Dollar - Market Update

The Canadian dollar, Chilean peso and Brazilian real strengthened against the US Dollar, while the Argentinian peso weakened during the quarter ended December 31, 2016, relative to the December 31, 2015 rates. The US Fed increased the Fed Funds rate by 0.25% in December and indicated that they expect three increases during 2017.The expectation of better US economic growth relative to other G10 countries, coupled with the fact that most other central banks continue to maintain or expand upon easier monetary policies is likely to attract investment flows into the US which should be supportive of the US Dollar.

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



Average and Period-end Market Exchange Rate

For the three months ended December 31,	**2016**	2015	**Variance**
Average Exchange Rate			
USD-CAD	**1.3344**	1.3362	-0.1%
USD-BRL	**3.2920**	3.8479	-14.4%
USD-ARG	**15.4669**	10.1472	52.4%
USD-CLP	**665.01**	698.10	-4.7%

For the year ended December 31,	**2016**	2015	**Variance**
Average Exchange Rate			
USD-CAD	**1.3239**	1.2792	3.5%
USD-BRL	**3.4807**	3.3364	4.3%
USD-ARG	**14.7745**	9.2610	59.5%
USD-CLP	**675.95**	654.68	3.2%

As at December 31,	**2016**	2015	**Variance**
Period-end Exchange Rate			
USD-CAD	**1.3441**	1.3839	-2.9%
USD-BRL	**3.2552**	3.9608	-17.8%
USD-ARG	**15.8800**	12.9315	22.8%
USD-CLP	**670.40**	708.60	-5.4%

As at December 31, 2016 the Company had zero-cost collar contracts totaling 170.0 million Reais equally split by month covering January 2017 to April 2017 with Brazilian Real to United States Dollar average call and put strikes of 3.40 and 4.13 respectively. In October 2016, the Company entered into zero-cost collar contracts totaling 400.0 million Reais with Brazilian Real to United States Dollar average call and put strike prices of 3.25 and 3.79 respectively, allowing the Company to participate in exchange rate movements between those two strikes. These contracts are evenly split by month covering May 2017 to December 2017. In November 2016, Brio Gold, a subsidiary of the Company, entered into an additional zero-cost collar contracts totaling $672.0 million Reais with the purchase of call options at an average strike price of 3.30 Reais per USD and sale of put options at an average strike price of 3.90 Reais per USD. The term of the cash flow hedge is from January 2017 to December 2018. In November 2016, the Company entered into currency forward contracts of $672.0 million Reais at an average rate of 3.55 Real to the USD. The term of the cash flow hedge is from January 2017 to December 2018. All contracts have been designated against forecast Reais denominated expenditures as a hedge against the variability of the United States Dollar amount of those expenditures caused by changes in the currency exchange rates. During the year contracts were settled with the receipt of $2.8 million.

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, 2015, available at www.sedar.com.

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. Certain conditions may exist as of the date the financial statements are issued that may result in a loss to the Company, but which will be resolved only when one or more future events occur or fail to occur. The impact of any resulting loss from such matters affecting these Consolidated Financial Statements of the Company may be material.

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 2012. 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.

On August 2, 2016, Canadian Malartic General Partnership ("CMGP"), the operator of the Canadian Malartic mine, was served with a class action lawsuit with respect to allegations involving the Canadian Malartic mine. Beginning in the spring of 2015, Canadian Malartic GP has been working collaboratively with the community of Malartic and its citizens to develop a "Good Neighbour Guide" that addresses the allegations contained in the lawsuit. CMGP will take all reasonable steps necessary to defend themselves from this lawsuit. At the current time, the Company does not believe it is probable that any amounts will be paid with respect to these lawsuits and the amount and timing 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, 2016.

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 judgements and key sources of estimation uncertainties in the application of accounting policies during the year quarter ended December 31, 2016 are disclosed in *Note 4* to the Company's Consolidated Annual Financial Statements for the year ended December 31, 2016.

14. NON-GAAP MEASURES AND ADDITIONAL LINE ITEMS OR SUBTOTALS IN FINANCIAL STATEMENTS

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

- *co-product cash costs per ounce of gold produced;*
- *co-product cash costs per ounce of silver produced;*
- *co-product cash costs per pound of copper produced;*
- *all-in sustaining co-product costs per ounce of gold produced;*
- *all-in sustaining co-product costs per ounce of silver produced;*
- *all-in sustaining co-product costs per pound of copper produced;*
- *adjusted earnings or loss from continuing operations;*
- *adjusted earnings or loss per share from continuing operations;*
- *adjusted operating cash flows;*
- *net debt;*
- *net free cash flow;*
- *average realized price per ounce of gold sold;*
- *average realized price per ounce of silver sold; and*
- *average realized price per pound of copper sold.*

The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Management's determination of the components of non-GAAP measures are evaluated on a periodic basis influenced by new items and transactions, a review of investor uses and new regulations as applicable. Any changes in to the measures are dully noted and retrospectively applied as applicable.

CASH COSTS AND ALL-IN SUSTAINING COSTS ("AISC")

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

The measure of cash costs, along with revenue from sales, is considered to be a key indicator of a company's ability to generate operating earnings and cash flows from its mining operations. This data is furnished to provide additional information and is a non-GAAP financial measure. The terms *co-product cash costs per ounce of gold or silver produced, co-product cash costs per pound of copper produced, co-product AISC per ounce of gold or silver produced and co-product AISC per pound of copper produce*d do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. Non-GAAP financial measures should not be considered in isolation as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of operating costs, operating profit or cash flows presented under IFRS.

Co-product Cash Costs

Cash costs include mine site operating costs such as mining, processing, administration, production taxes and royalties which are not based on sales or taxable income calculations, but are exclusive of amortization, reclamation, capital, development and exploration costs. The Company believes that such measure provides useful information about the Company's underlying cash costs of operations. Cash costs are computed on a 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.

With this realignment, the KPIs are as follows:

- **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.

Co-product All-in Sustaining Costs

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

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

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

The following tables provide a reconciliation of total cost of sales of gold, silver and copper sold (cost of sales excluding depreciation, depletion and amortization, plus depreciation, depletion and amortization) per the Consolidated Financial Statements to co-product cash costs of gold produced, co-product cash costs of silver produced, co-product cash costs of copper produced, and to co-product AISC of gold produced, co-product AISC of silver produced and co-product AISC of copper produced. The table also presents total cost of sales on a per ounce or pound sold and co-product cash costs and co-product AISC on a per ounce or pound produced basis.

Beginning January 1, 2016, the Company revised its definition of cash costs to include, in addition to mine site direct costs, all previously un-allocated general and administrative expenses related to the mine site. Additionally, the Company has excluded the impact from Alumbrera, the results of which are now considered negligible for performance measurement purposes. Comparative balances have been restated accordingly to conform to the change in presentation adopted in the current period.

Total cost of sales in the following reconciliations to co-product cash costs and co-product AISC agrees to the consolidated statement of operations that reflects continuing operations excluding Mercedes, which is classified as discontinued operation. All production costs are classified in inventory together with treatment and refining charges, commercial costs, overseas freight and other selling costs. The amount of inventories recognized as cost of sales for the reporting period corresponds to the units of products sold during that period.

(i) Reconciliation of cost of sales per the Consolidated Financial Statements to co-product cash costs and co-product all-in sustaining costs from continuing operations:

For the three months ended December 31, 2016 *(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)*	**Total Consolidated** (including Brio Gold)	**Total Gold** (including Brio Gold)	**Total Silver**	**Total Copper**
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 284.1	$ 216.5	$ 16.9	$ 50.7
Depletion, depreciation and amortization	128.3	109.0	8.4	10.9
Total cost of sales	$ 412.4	$ 325.5	$ 25.3	$ 61.6
Depletion, depreciation and amortization	(128.3)	(109.0)	(8.4)	(10.9)
Inventory movement	(6.0)	(4.0)	(0.5)	(1.5)
Treatment and refining charges *(ii)*	11.0	1.6	0.1	9.3
Commercial and other costs	(3.5)	(0.7)	—	(2.8)
Overseas freight for Chapada Concentrate	(3.1)	(0.6)	—	(2.5)
Total co-product cash cost	$ 282.5	$ 212.8	$ 16.5	$ 53.2
General and administrative, excluding share-based compensation *(iii)*	28.0	22.0	1.6	4.4
Sustaining capital expenditures *(iv)*	77.4	60.1	5.5	11.8
Exploration and evaluation expense *(iii)*	3.0	1.3	0.2	1.5
Total co-product all-in sustaining costs	$ 390.9	$ 296.2	$ 23.8	$ 70.9
Commercial gold/silver ounces, pounds of copper produced		319,264	1,627,051	36,869,469
Commercial gold/silver ounce, pounds of copper sold		324,197	1,619,208	34,182,827
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$ 668**	**$ 10.41**	**$ 1.48**
DD&A per gold/silver ounce, pound of copper sold		**$ 336**	**$ 5.17**	**$ 0.32**
Total cost of sales per gold/silver ounce, pound of copper sold		**$ 1,004**	**$ 15.58**	**$ 1.80**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$ 667**	**$ 10.07**	**$ 1.44**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$ 928**	**$ 14.48**	**$ 1.92**

For the three months ended December 31, 2016

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)		Chapada Total	Chapada Gold	Chapada Silver	Chapada Copper
Cost of sales excluding depletion, depreciation and amortization *(i)*	$	62.1 $	11.2 $	0.2 $	50.7
Depletion, depreciation and amortization		13.3	2.6	0.1	10.6
Total cost of sales	$	75.4 $	13.8 $	0.3 $	61.3
Depletion, depreciation and amortization		(13.3)	(2.6)	(0.1)	(10.6)
Inventory movement		(1.9)	(0.4)	—	(1.5)
Treatment and refining charges *(ii)*		11.0	1.6	0.1	9.3
Commercial and other costs		(3.5)	(0.7)	—	(2.8)
Overseas freight for Chapada Concentrate		(3.1)	(0.6)	—	(2.5)
Total co-product cash cost	$	64.6 $	11.1 $	0.3 $	53.2
General and administrative, excluding share-based compensation *(iii)*		0.2	—	—	0.2
Sustaining capital expenditures *(iv)*		14.1	2.8	0.1	11.2
Exploration and evaluation expense *(iii)*		1.9	0.4	—	1.5
Total co-product all-in sustaining costs	$	80.8 $	14.3 $	0.4 $	66.1
Commercial gold/silver ounces, pounds of copper produced			40,358	78,020	36,869,469
Commercial gold/silver ounce, pounds of copper sold			41,048	58,688	34,182,827
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$**	**273 $**	**3.41 $**	**1.48**
DD&A per gold/silver ounce, pound of copper sold		**$**	**63 $**	**1.70 $**	**0.31**
Total cost of sales per gold/silver ounce, pound of copper sold		**$**	**336 $**	**5.11 $**	**1.79**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$**	**275 $**	**3.17 $**	**1.44**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$**	**354 $**	**3.99 $**	**1.80**

For the three months ended December 31, 2016

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)		El Peñón Total	El Peñón Gold	El Peñón Silver	Malartic Gold
Cost of sales excluding depletion, depreciation and amortization *(i)*	$	56.8 $	41.2 $	15.6 $	46.1
Depletion, depreciation and amortization		28.2	20.3	7.9	31.0
Total cost of sales	$	85.0 $	61.5 $	23.5 $	77.1
Depletion, depreciation and amortization		(28.2)	(20.3)	(7.9)	(31.0)
Inventory movement		(1.9)	(1.4)	(0.5)	(1.8)
Treatment and refining charges		—	—	—	—
Commercial and other costs		—	—	—	—
Overseas freight for Chapada Concentrate		—	—	—	—
Total co-product cash cost	$	54.9 $	39.8 $	15.1 $	44.3
General and administrative, excluding share-based compensation		—	—	—	1.2
Sustaining capital expenditures		17.8	12.9	4.9	13.8
Exploration and evaluation expense		0.4	0.3	0.1	0.1
Total co-product all-in sustaining costs	$	73.1 $	53.0 $	20.1 $	59.4
Commercial gold/silver ounces, pounds of copper produced			55,764	1,454,293	69,971
Commercial gold/silver ounce, pounds of copper sold			57,144	1,466,650	73,007
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$**	**721 $**	**10.64 $**	**631**
DD&A per gold/silver ounce, pound of copper sold		**$**	**355 $**	**5.39 $**	**425**
Total cost of sales per gold/silver ounce, pound of copper sold		**$**	**1,076 $**	**16.03 $**	**1,056**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$**	**714 $**	**10.40 $**	**634**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$**	**952 $**	**13.84 $**	**849**

For the three months ended December 31, 2016

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	Gualcamayo Gold	Minera Florida Total	Minera Florida Gold	Minera Florida Silver
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 35.1	$ 19.5	$ 18.5	$ 1.0
Depletion, depreciation and amortization	10.3	5.2	4.9	0.3
Total cost of sales	$ 45.4	$ 24.7	$ 23.4	$ 1.3
Depletion, depreciation and amortization	(10.3)	(5.2)	(4.9)	(0.3)
Inventory movement	(2.2)	0.3	0.3	—
Treatment and refining charges		—	—	—
Commercial and other costs	—	—	—	—
Overseas freight for Chapada Concentrate	—	—	—	—
Total co-product cash cost	$ 32.9	$ 19.8	$ 18.8	$ 1.0
General and administrative, excluding share-based compensation	0.9	—	—	—
Sustaining capital expenditures	2.3	6.8	6.5	0.3
Exploration and evaluation expense	—	0.5	0.5	—
Total co-product all-in sustaining costs	$ 36.1	$ 27.1	$ 25.8	$ 1.3
Commercial gold/silver ounces, pounds of copper produced	44,840		25,675	94,738
Commercial gold/silver ounce, pounds of copper sold	47,615		25,325	93,870
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold	**$ 737**		**$ 731**	**$ 10.65**
DD&A per gold/silver ounce, pound of copper sold	**$ 216**		**$ 193**	**$ 3.20**
Total cost of sales per gold/silver ounce, pound of copper sold	**$ 953**		**$ 924**	**$ 13.85**
Co-product cash cost per gold/silver ounce, pound of copper produced	**$ 734**		**$ 730**	**$ 10.63**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced	**$ 805**		**$ 1,002**	**$ 14.55**

For the three months ended December 31, 2016

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	Jacobina Gold	Brio Gold Mines	Corporate Office & Other Total	Corporate Office & Other Gold
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 21.8	$ 42.6	$ —	$ —
Depletion, depreciation and amortization	12.0	26.6	1.9	1.5
Total cost of sales	$ 33.8	$ 69.2	$ 1.9	$ 1.5
Depletion, depreciation and amortization	(12.0)	(26.6)	(1.9)	(1.5)
Inventory movement	2.1	(0.6)	—	—
Treatment and refining charges	—	—	—	—
Commercial and other costs	—	—	—	—
Overseas freight for Chapada Concentrate	—	—	—	—
Total co-product cash cost	$ 23.9	$ 42.0	$ —	$ —
General and administrative, excluding share-based compensation	0.2	0.2	24.3	19.5
Sustaining capital expenditures	7.6	12.0	2.9	2.2
Exploration and evaluation expense	—	—	0.1	0.1
Total co-product all-in sustaining costs	$ 31.7	$ 54.2	$ 27.3	$ 21.1
Commercial gold/silver ounces, pounds of copper produced	32,180	50,477		
Commercial gold/silver ounce, pounds of copper sold	30,058	50,000		
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold	**$ 725**	**$ 852**		
DD&A per gold/silver ounce, pound of copper sold	**$ 399**	**$ 532**		
Total cost of sales per gold/silver ounce, pound of copper sold	**$ 1,124**	**$ 1,384**		
Co-product cash cost per gold/silver ounce, pound of copper produced	**$ 742**	**$ 832**		
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced	**$ 984**	**$ 1,073**		

For the three months ended December 31, 2016 *(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)*	**Corporate Office & Other Silver**	**Corporate Office & Other Copper**	**Total Gold** (excluding Brio Gold) *(v)*
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ —	$ —	$ 173.9
Depletion, depreciation and amortization	0.1	0.3	82.4
Total cost of sales	$ 0.1	$ 0.3	$ 256.3
Depletion, depreciation and amortization	(0.1)	(0.3)	(82.4)
Inventory movement	—	—	(3.4)
Treatment and refining charges	—	—	1.6
Commercial and other costs	—	—	(0.7)
Overseas freight for Chapada Concentrate	—	—	(0.6)
Total co-product cash cost	$ —	$ —	$ 170.8
General and administrative, excluding share-based compensation	1.6	4.2	21.8
Sustaining capital expenditures	0.2	0.5	48.1
Exploration and evaluation expense	—	—	1.3
Total co-product all-in sustaining costs	$ 1.8	$ 4.7	$ 242.0
Commercial gold/silver ounces, pounds of copper produced			268,787
Commercial gold/silver ounce, pounds of copper sold			274,197
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold			**$ 634**
DD&A per gold/silver ounce, pound of copper sold			**$ 301**
Total cost of sales per gold/silver ounce, pound of copper sold			**$ 935**
Co-product cash cost per gold/silver ounce, pound of copper produced			**$ 635**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced			**$ 900**

For the three months ended December 31, 2015 *(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)*	**Total Consolidated** (including Brio Gold)	**Total Gold** (including Brio Gold)	**Total Silver**	**Total Copper**
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 252.5	$ 192.4	$ 14.2	$ 45.9
Depletion, depreciation and amortization	137.4	115.9	9.8	11.7
Total cost of sales	$ 389.9	$ 308.3	$ 24.0	$ 57.6
Depletion, depreciation and amortization	(137.4)	(115.9)	(9.8)	(11.7)
Inventory movement	(7.4)	(0.9)	—	(6.6)
Treatment and refining charges	13.1	1.9	0.1	11.1
Commercial and other costs	(1.3)	(0.3)	—	(1.1)
Overseas freight for Chapada Concentrate	(1.9)	(0.4)	—	(1.5)
Total co-product cash cost	$ 254.9	$ 192.8	$ 14.3	$ 47.8
General and administrative, excluding share-based compensation	18.6	14.5	0.9	3.2
Sustaining capital expenditures	46.8	36.1	2.9	7.8
Exploration and evaluation expense	7.1	5.0	0.4	1.6
Total co-product all-in sustaining costs	$ 327.3	$ 248.4	$ 18.5	$ 60.5
Commercial gold/silver ounces, pounds of copper produced		316,794	1,857,469	36,606,058
Commercial gold/silver ounce, pounds of copper sold		321,639	1,784,819	38,592,239
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$ 598**	**$ 7.97**	**$ 1.19**
DD&A per gold/silver ounce, pound of copper sold		**$ 360**	**$ 5.47**	**$ 0.30**
Total cost of sales per gold/silver ounce, pound of copper sold		**$ 959**	**$ 13.44**	**$ 1.49**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$ 608**	**$ 7.71**	**$ 1.31**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$ 784**	**$ 9.96**	**$ 1.65**

For the three months ended December 31, 2015

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	Chapada Total	Chapada Gold	Chapada Silver	Chapada Copper
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 56.1	$ 10.1	$ 0.2	$ 45.9
Depletion, depreciation and amortization	14.3	2.8	0.1	11.4
Total cost of sales	$ 70.4	$ 12.9	$ 0.3	$ 57.3
Depletion, depreciation and amortization	(14.3)	(2.8)	(0.1)	(11.4)
Inventory movement	(8.3)	(1.6)	—	(6.6)
Treatment and refining charges	13.1	1.9	0.1	11.1
Commercial and other costs	(1.3)	(0.3)	—	(1.1)
Overseas freight for Chapada Concentrate	(1.9)	(0.4)	—	(1.5)
Total co-product cash cost	$ 57.7	$ 9.7	$ 0.2	$ 47.8
General and administrative, excluding share-based compensation	0.7	0.1	—	0.5
Sustaining capital expenditures	9.8	1.9	—	7.8
Exploration and evaluation expense	0.6	0.1	—	0.5
Total co-product all-in sustaining costs	$ 68.8	$ 11.9	$ 0.3	$ 56.7
Commercial gold/silver ounces, pounds of copper produced		34,498	70,547	36,606,058
Commercial gold/silver ounce, pounds of copper sold		41,154	60,907	38,592,239
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$ 244**	**$ 3.37**	**$ 1.19**
DD&A per gold/silver ounce, pound of copper sold		**$ 68**	**$ 0.94**	**$ 0.30**
Total cost of sales per gold/silver ounce, pound of copper sold		**$ 312**	**$ 4.31**	**$ 1.48**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$ 281**	**$ 3.08**	**$ 1.31**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$ 344**	**$ 3.70**	**$ 1.50**

For the three months ended December 31, 2015

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	El Peñón Total	El Peñón Gold	El Peñón Silver	Malartic Gold
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 47.1	$ 34.9	$ 12.2	$ 44.4
Depletion, depreciation and amortization	30.9	22.9	8.0	29.0
Total cost of sales	$ 78.0	$ 57.8	$ 20.2	$ 73.5
Depletion, depreciation and amortization	(30.9)	(22.9)	(8.0)	(29.0)
Inventory movement	0.5	0.4	0.1	(0.2)
Treatment and refining charges	—		—	
Commercial and other costs	—	—	—	—
Overseas freight for Chapada Concentrate	—	—	—	—
Total co-product cash cost	$ 47.6	$ 35.2	$ 12.3	$ 44.2
General and administrative, excluding share-based compensation	—	—	—	0.7
Sustaining capital expenditures	9.2	6.8	2.4	8.2
Exploration and evaluation expense	0.3	0.2	0.1	0.2
Total co-product all-in sustaining costs	$ 57.0	$ 42.2	$ 14.8	$ 53.3
Commercial gold/silver ounces, pounds of copper produced		59,375	1,584,280	72,872
Commercial gold/silver ounce, pounds of copper sold		56,709	1,528,409	76,017
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$ 615**	**$ 7.99**	**$ 584**
DD&A per gold/silver ounce, pound of copper sold		**$ 404**	**$ 5.24**	**$ 382**
Total cost of sales per gold/silver ounce, pound of copper sold		**$ 1,019**	**$ 13.23**	**$ 966**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$ 593**	**$ 7.79**	**$ 606**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$ 710**	**$ 9.40**	**$ 731**

For the three months ended December 31, 2015

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)		Gualcamayo Gold	Minera Florida Total	Minera Florida Gold	Minera Florida Silver
Cost of sales excluding depletion, depreciation and amortization *(i)*	$	41.3 $	21.6 $	19.8 $	1.8
Depletion, depreciation and amortization		15.7	18.0	16.5	1.5
Total cost of sales	$	57.0 $	39.7 $	36.4 $	3.3
Depletion, depreciation and amortization		(15.7)	(18.0)	(16.5)	(1.5)
Inventory movement		1.4	(0.5)	(0.5)	—
Treatment and refining charges			—		—
Commercial and other costs		—	—	—	—
Overseas freight for Chapada Concentrate		—	—	—	—
Total co-product cash cost	$	42.7 $	21.1 $	19.4 $	1.8
General and administrative, excluding share-based compensation		—	—	—	—
Sustaining capital expenditures		0.4	4.8	4.4	0.4
Exploration and evaluation expense		—	0.1	0.1	—
Total co-product all-in sustaining costs	$	43.1 $	26.0 $	23.9 $	2.2
Commercial gold/silver ounces, pounds of copper produced		52,864		29,180	202,643
Commercial gold/silver ounce, pounds of copper sold		52,012		28,845	195,503
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold	**$**	**795**	**$**	**688 $**	**9.23**
DD&A per gold/silver ounce, pound of copper sold	**$**	**301**	**$**	**573 $**	**7.65**
Total cost of sales per gold/silver ounce, pound of copper sold	**$**	**1,096**	**$**	**1,261 $**	**16.88**
Co-product cash cost per gold/silver ounce, pound of copper produced	**$**	**808**	**$**	**664 $**	**8.69**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced	**$**	**815**	**$**	**818 $**	**10.70**

For the three months ended December 31, 2015

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)		Jacobina Gold	Brio Gold Mines	Corporate Office & Other Total	Corporate Office & Other Gold
Cost of sales excluding depletion, depreciation and amortization *(i)*	$	17.3 $	24.6 $	— $	—
Depletion, depreciation and amortization		7.1	19.3	3.1	2.6
Total cost of sales	$	24.4 $	43.9 $	3.1 $	2.6
Depletion, depreciation and amortization		(7.1)	(19.3)	(3.1)	(2.6)
Inventory movement		0.3	(0.7)	—	—
Treatment and refining charges			—	—	—
Commercial and other costs		—	—	—	—
Overseas freight for Chapada Concentrate		—	—	—	—
Total co-product cash cost	$	17.6 $	23.9 $	— $	—
General and administrative, excluding share-based compensation		0.2	0.1	17.0	13.5
Sustaining capital expenditures		8.2	6.2	—	—
Exploration and evaluation expense		—	—	5.9	4.4
Total co-product all-in sustaining costs	$	26.0 $	30.3 $	22.9 $	17.9
Commercial gold/silver ounces, pounds of copper produced		28,727	39,279		
Commercial gold/silver ounce, pounds of copper sold		27,901	39,002		
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold	**$**	**620 $**	**631**		
DD&A per gold/silver ounce, pound of copper sold	**$**	**254 $**	**495**		
Total cost of sales per gold/silver ounce, pound of copper sold	**$**	**873 $**	**1,126**		
Co-product cash cost per gold/silver ounce, pound of copper produced	**$**	**614 $**	**609**		
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced	**$**	**904 $**	**770**		

For the three months ended December 31, 2015 *(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)*	**Corporate Office & Other Silver**	**Corporate Office & Other Copper**	**Total Gold** (excluding Brio Gold) *(v)*
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ —	$ —	$ 167.8
Depletion, depreciation and amortization	0.2	0.3	96.6
Total cost of sales	$ 0.2	$ 0.3	$ 264.4
Depletion, depreciation and amortization	(0.2)	(0.3)	(96.6)
Inventory movement	—	—	(0.2)
Treatment and refining charges	—	—	1.9
Commercial and other costs	—	—	(0.3)
Overseas freight for Chapada Concentrate	—	—	(0.4)
Total co-product cash cost	$ —	$ —	$ 168.8
General and administrative, excluding share-based compensation	0.9	2.7	14.4
Sustaining capital expenditures	—	—	29.8
Exploration and evaluation expense	0.4	1.1	5.0
Total co-product all-in sustaining costs	$ 1.2	$ 3.8	$ 218.0
Commercial gold/silver ounces, pounds of copper produced			277,515
Commercial gold/silver ounce, pounds of copper sold			282,638
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold			**$ 593**
DD&A per gold/silver ounce, pound of copper sold			**$ 342**
Total cost of sales per gold/silver ounce, pound of copper sold			**$ 935**
Co-product cash cost per gold/silver ounce, pound of copper produced			**$ 608**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced			**$ 786**

For the year ended December 31, 2016 *(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)*	**Total Consolidated** (including Brio Gold)	**Total Gold** (including Brio Gold)	**Total Silver**	**Total Copper**
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 1,029.0	$ 804.7	$ 59.9	$ 164.4
Depletion, depreciation and amortization	462.3	393.2	31.2	37.9
Total cost of sales	$ 1,491.3	$ 1,197.9	$ 91.1	$ 202.3
Depletion, depreciation and amortization	(462.3)	(393.2)	(31.2)	(37.9)
Inventory movement	(6.4)	(9.1)	0.1	2.6
Treatment and refining charges *(ii)*	32.8	4.7	0.1	28.0
Commercial and other costs	(6.9)	(1.4)	—	(5.5)
Overseas freight for Chapada Concentrate	(9.1)	(1.8)	—	(7.3)
Total co-product cash cost	$ 1,039.4	$ 797.1	$ 60.1	$ 182.2
General and administrative, excluding share-based compensation *(iii)*	89.1	72.1	5.1	11.9
Sustaining capital expenditures *(iv)*	280.2	212.5	18.0	49.7
Exploration and evaluation expense *(iii)*	15.5	10.6	1.7	3.2
Total co-product all-in sustaining costs	$ 1,424.2	$ 1,092.3	$ 84.9	$ 247.0
Commercial gold/silver ounces, pounds of copper produced		1,198,740	6,709,251	115,548,437
Commercial gold/silver ounce, pounds of copper sold		1,188,267	6,604,212	104,923,875
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$ 677**	**$ 9.07**	**$ 1.57**
DD&A per gold/silver ounce, pound of copper sold		**$ 331**	**$ 4.72**	**$ 0.36**
Total cost of sales per gold/silver ounce, pound of copper sold		**$ 1,008**	**$ 13.79**	**$ 1.93**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$ 665**	**$ 8.96**	**$ 1.58**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$ 911**	**$ 12.65**	**$ 2.14**

For the year ended December 31, 2016

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	**Chapada Total**	**Chapada Gold**	**Chapada Silver**	**Chapada Copper**
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 201.4	$ 36.3	$ 0.7	$ 164.4
Depletion, depreciation and amortization	45.9	9.0	0.2	36.7
Total cost of sales	$ 247.3	$ 45.3	$ 0.9	$ 201.1
Depletion, depreciation and amortization	(45.9)	(9.0)	(0.2)	(36.7)
Inventory movement	3.2	0.6	—	2.6
Treatment and refining charges *(ii)*	32.8	4.7	0.1	28.0
Commercial and other costs	(6.9)	(1.4)	—	(5.5)
Overseas freight for Chapada Concentrate	(9.1)	(1.8)	—	(7.3)
Total co-product cash cost	$ 221.4	$ 38.4	$ 0.8	$ 182.2
General and administrative, excluding share-based compensation *(iii)*	0.9	0.2	—	0.7
Sustaining capital expenditures *(iv)*	61.1	12.0	0.2	48.9
Exploration and evaluation expense *(iii)*	3.0	0.6	—	2.4
Total co-product all-in sustaining costs	$ 286.4	$ 51.2	$ 1.0	$ 234.2
Commercial gold/silver ounces, pounds of copper produced		107,301	259,444	115,548,437
Commercial gold/silver ounce, pounds of copper sold		92,807	131,339	104,923,875
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$ 391**	**$ 5.33**	**$ 1.57**
DD&A per gold/silver ounce, pound of copper sold		**$ 97**	**$ 1.52**	**$ 0.35**
Total cost of sales per gold/silver ounce, pound of copper sold		**$ 488**	**$ 6.85**	**$ 1.92**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$ 359**	**$ 3.20**	**$ 1.58**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$ 478**	**$ 4.20**	**$ 2.03**

For the year ended December 31, 2016

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	**El Peñón Total**	**El Peñón Gold**	**El Peñón Silver**	**Malartic Gold**
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 204.1	$ 149.1	$ 55.0	$ 179.0
Depletion, depreciation and amortization	105.7	77.0	28.7	121.3
Total cost of sales	$ 309.8	$ 226.1	$ 83.7	$ 300.3
Depletion, depreciation and amortization	(105.7)	(77.0)	(28.7)	(121.3)
Inventory movement	0.1	0.1	—	(1.8)
Treatment and refining charges *(ii)*	—		—	
Commercial and other costs	—	—	—	—
Overseas freight for Chapada Concentrate	—	—	—	—
Total co-product cash cost	$ 204.2	$ 149.2	$ 55.0	$ 177.2
General and administrative, excluding share-based compensation *(iii)*	—	—	—	3.9
Sustaining capital expenditures *(iv)*	60.4	44.1	16.3	51.0
Exploration and evaluation expense *(iii)*	4.5	3.3	1.2	0.4
Total co-product all-in sustaining costs	$ 269.1	$ 196.6	$ 72.5	$ 232.5
Commercial gold/silver ounces, pounds of copper produced		220,209	6,020,758	292,514
Commercial gold/silver ounce, pounds of copper sold		221,908	6,043,380	292,972
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$ 672**	**$ 9.10**	**$ 611**
DD&A per gold/silver ounce, pound of copper sold		**$ 347**	**$ 4.75**	**$ 414**
Total cost of sales per gold/silver ounce, pound of copper sold		**$ 1,019**	**$ 13.85**	**$ 1,025**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$ 678**	**$ 9.14**	**$ 606**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$ 893**	**$ 12.04**	**$ 795**

For the year ended December 31, 2016

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	Gualcamayo Gold	Minera Florida Total	Minera Florida Gold	Minera Florida Silver
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 136.1	$ 79.2	$ 75.0	$ 4.2
Depletion, depreciation and amortization	39.6	33.7	31.9	1.8
Total cost of sales	$ 175.7	$ 112.9	$ 106.9	$ 6.0
Depletion, depreciation and amortization	(39.6)	(33.7)	(31.9)	(1.8)
Inventory movement	(5.3)	1.8	1.7	0.1
Treatment and refining charges *(ii)*		—		—
Commercial and other costs	—	—	—	—
Overseas freight for Chapada Concentrate	—	—	—	—
Total co-product cash cost	$ 130.8	$ 81.0	$ 76.7	$ 4.3
General and administrative, excluding share-based compensation *(iii)*	1.6	—	—	—
Sustaining capital expenditures *(iv)*	6.7	23.2	22.0	1.2
Exploration and evaluation expense *(iii)*	—	1.1	1.0	0.1
Total co-product all-in sustaining costs	$ 139.1	$ 105.3	$ 99.7	$ 5.6
Commercial gold/silver ounces, pounds of copper produced	164,265		104,312	429,048
Commercial gold/silver ounce, pounds of copper sold	169,347		102,204	429,494
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold	**$ 804**	**$**	**$ 734**	**$ 9.67**
DD&A per gold/silver ounce, pound of copper sold	**$ 234**	**$**	**$ 312**	**$ 4.14**
Total cost of sales per gold/silver ounce, pound of copper sold	**$ 1,038**	**$**	**$ 1,046**	**$ 13.81**
Co-product cash cost per gold/silver ounce, pound of copper produced	**$ 796**	**$**	**$ 735**	**$ 9.90**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced	**$ 847**	**$**	**$ 955**	**$ 12.73**

For the year ended December 31, 2016

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	Jacobina Gold	Brio Gold Mines	Corporate Office & Other Total	Corporate Office & Other Gold
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 86.8	$ 142.4	$ —	$ —
Depletion, depreciation and amortization	39.9	67.1	9.0	7.3
Total cost of sales	$ 126.7	$ 209.6	$ 9.0	$ 7.3
Depletion, depreciation and amortization	(39.9)	(67.1)	(9.0)	(7.3)
Inventory movement	(3.4)	(1.0)	—	—
Treatment and refining charges (ii)		—	—	—
Commercial and other costs	—	—	—	—
Overseas freight for Chapada Concentrate	—	—	—	—
Total co-product cash cost	$ 83.4	$ 141.4	$ —	$ —
General and administrative, excluding share-based compensation (iii)	0.6	0.5	79.1	65.3
Sustaining capital expenditures (iv)	35.0	37.7	5.0	3.9
Exploration and evaluation expense (iii)	—	0.1	6.5	5.3
Total co-product all-in sustaining costs	$ 119.0	$ 179.6	$ 90.6	$ 72.3
Commercial gold/silver ounces, pounds of copper produced	120,478	189,662		
Commercial gold/silver ounce, pounds of copper sold	118,142	190,887		
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold	**$ 735**	**$ 746**		
DD&A per gold/silver ounce, pound of copper sold	**$ 338**	**$ 352**		
Total cost of sales per gold/silver ounce, pound of copper sold	**$ 1,073**	**$ 1,098**		
Co-product cash cost per gold/silver ounce, pound of copper produced	**$ 692**	**$ 746**		
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced	**$ 988**	**$ 947**		

For the year ended December 31, 2016 *(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)*	**Corporate Office & Other Silver**	**Corporate Office & Other Copper**	**Total Gold** (excluding Brio Gold) *(v)*
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ —	$ —	$ 662.2
Depletion, depreciation and amortization	0.6	1.2	326.1
Total cost of sales	$ 0.6	$ 1.2	$ 988.3
Depletion, depreciation and amortization	(0.6)	(1.2)	(326.1)
Inventory movement	—	—	(8.1)
Treatment and refining charges *(ii)*	—	—	4.7
Commercial and other costs	—	—	(1.4)
Overseas freight for Chapada Concentrate	—	—	(1.8)
Total co-product cash cost	$ —	$ —	$ 655.6
General and administrative, excluding share-based compensation *(iii)*	5.1	11.2	71.6
Sustaining capital expenditures *(iv)*	0.3	0.8	174.8
Exploration and evaluation expense *(iii)*	0.4	0.8	10.5
Total co-product all-in sustaining costs	$ 5.8	$ 12.8	$ 912.5
Commercial gold/silver ounces, pounds of copper produced			1,009,078
Commercial gold/silver ounce, pounds of copper sold			997,380
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold			**$ 664**
DD&A per gold/silver ounce, pound of copper sold			**$ 327**
Total cost of sales per gold/silver ounce, pound of copper sold			**$ 991**
Co-product cash cost per gold/silver ounce, pound of copper produced			**$ 650**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced			**$ 905**

For the year ended December 31, 2015 *(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)*	**Total Consolidated** (including Brio Gold)	**Total Gold** (including Brio Gold)	**Total Silver**	**Total Copper**
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 1,015.1	$ 764.3	$ 72.7	$ 178.1
Depletion, depreciation and amortization	503.9	419.2	47.6	37.1
Total cost of sales	$ 1,519.0	$ 1,183.4	$ 120.4	$ 215.2
Depletion, depreciation and amortization	(503.9)	(419.2)	(47.6)	(37.1)
Inventory movement	(13.1)	(5.3)	(0.4)	(7.4)
Treatment and refining charges	40.3	6.1	0.2	34.0
Commercial and other costs	(5.1)	(1.0)	—	(4.1)
Overseas freight for Chapada Concentrate	(10.7)	(2.1)	—	(8.6)
Total co-product cash cost	$ 1,026.5	$ 761.8	$ 72.5	$ 192.0
General and administrative, excluding share-based compensation	91.8	68.4	6.6	16.8
Sustaining capital expenditures	209.5	153.9	18.7	36.9
Exploration and evaluation expense	22.9	16.3	1.8	4.8
Total co-product all-in sustaining costs	$ 1,350.7	$ 1,000.3	$ 99.7	$ 250.6
Commercial gold/silver ounces, pounds of copper produced		1,166,223	8,628,341	131,019,368
Commercial gold/silver ounce, pounds of copper sold		1,162,963	8,517,174	125,963,419
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$ 657**	**$ 8.54**	**$ 1.41**
DD&A per gold/silver ounce, pound of copper sold		**$ 360**	**$ 5.59**	**$ 0.29**
Total cost of sales per gold/silver ounce, pound of copper sold		**$ 1,018**	**$ 14.13**	**$ 1.71**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$ 653**	**$ 8.40**	**$ 1.47**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$ 858**	**$ 11.55**	**$ 1.91**

For the year ended December 31, 2015

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	Chapada Total	Chapada Gold	Chapada Silver	Chapada Copper
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 217.4	$ 38.5	$ 0.8	$ 178.1
Depletion, depreciation and amortization	43.9	8.6	0.2	35.1
Total cost of sales	$ 261.3	$ 49.4	$ 0.9	$ 211.0
Depletion, depreciation and amortization	(43.9)	(8.6)	(0.2)	(35.1)
Inventory movement	(9.2)	(1.8)	—	(7.4)
Treatment and refining charges	40.3	6.1	0.2	34.0
Commercial and other costs	(5.2)	(1.0)	—	(4.1)
Overseas freight for Chapada Concentrate	(10.8)	(2.1)	—	(8.6)
Total co-product cash cost	$ 232.6	$ 39.7	$ 0.9	$ 192.0
General and administrative, excluding share-based compensation	1.7	0.3	—	1.3
Sustaining capital expenditures	46.1	9.0	0.2	36.9
Exploration and evaluation expense	1.6	0.3	—	1.3
Total all-in sustaining costs	$ 282.0	$ 49.4	$ 1.1	$ 231.5
Commercial gold/silver ounces, pounds of copper produced	—	119,059	274,533	131,019,368
Commercial gold/silver ounce, pounds of copper sold	—	121,477	205,127	125,963,419
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$ 317**	**$ 3.82**	**$ 1.41**
DD&A per gold/silver ounce, pound of copper sold		**$ 71**	**$ 0.86**	**$ 0.28**
Total cost of sales per gold/silver ounce, pound of copper sold		**$ 406**	**$ 4.52**	**$ 1.68**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$ 333**	**$ 3.21**	**$ 1.47**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$ 415**	**$ 3.90**	**$ 1.80**

For the year ended December 31, 2015

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	El Peñón Total	El Peñón Gold	El Peñón Silver	Malartic Gold
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 208.2	$ 142.6	$ 65.5	$ 169.4
Depletion, depreciation and amortization	132.8	91.0	41.7	109.3
Total cost of sales	$ 340.9	$ 234.6	$ 106.3	$ 278.7
Depletion, depreciation and amortization	(132.8)	(91.0)	(41.7)	(109.3)
Inventory movement	(0.6)	(0.4)	(0.2)	1.0
Treatment and refining charges	—	—	—	—
Commercial and other costs	—	—	—	—
Overseas freight for Chapada Concentrate	—	—	—	—
Total co-product cash cost	$ 207.5	$ 142.2	$ 65.3	$ 170.4
General and administrative, excluding share-based compensation	—	—	—	2.9
Sustaining capital expenditures	53.4	36.3	17.1	37.3
Exploration and evaluation expense	1.0	0.7	0.3	0.4
Total all-in sustaining costs	$ 261.9	$ 179.2	$ 82.7	$ 210.9
Commercial gold/silver ounces, pounds of copper produced	—	227,288	7,692,811	285,808
Commercial gold/silver ounce, pounds of copper sold	—	224,753	7,659,236	287,704
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold		**$ 635**	**$ 8.55**	**$ 589**
DD&A per gold/silver ounce, pound of copper sold		**$ 405**	**$ 5.45**	**$ 380**
Total cost of sales per gold/silver ounce, pound of copper sold		**$ 1,044**	**$ 13.88**	**$ 969**
Co-product cash cost per gold/silver ounce, pound of copper produced		**$ 626**	**$ 8.49**	**$ 596**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced		**$ 788**	**$ 10.80**	**$ 738**

For the year ended December 31, 2015

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	Gualcamayo Gold	Minera Florida Total	Minera Florida Gold	Minera Florida Silver
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 149.3	$ 88.3	$ 81.9	$ 6.4
Depletion, depreciation and amortization	56.2	64.7	60.0	4.7
Total cost of sales	$ 205.5	$ 153.1	$ 142.0	$ 11.0
Depletion, depreciation and amortization	(56.2)	(64.7)	(60.0)	(4.7)
Inventory movement	(0.9)	(1.3)	(1.2)	(0.1)
Treatment and refining charges	—	—	—	—
Commercial and other costs	—	—	—	—
Overseas freight for Chapada Concentrate	—	—	—	—
Total co-product cash cost	$ 148.4	$ 87.0	$ 80.7	$ 6.3
General and administrative, excluding share-based compensation	—	—	—	—
Sustaining capital expenditures	5.2	19.2	17.8	1.4
Exploration and evaluation expense	—	1.0	0.9	0.1
Total all-in sustaining costs	$ 153.6	$ 107.2	$ 99.4	$ 7.8
Commercial gold/silver ounces, pounds of copper produced	180,674	—	112,580	660,997
Commercial gold/silver ounce, pounds of copper sold	176,852	—	111,860	652,812
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold	**$ 844**		**$ 732**	**$ 9.86**
DD&A per gold/silver ounce, pound of copper sold	**$ 318**		**$ 536**	**$ 7.27**
Total cost of sales per gold/silver ounce, pound of copper sold	**$ 1,162**		**$ 1,270**	**$ 16.90**
Co-product cash cost per gold/silver ounce, pound of copper produced	**$ 821**		**$ 717**	**$ 9.59**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced	**$ 850**		**$ 883**	**$ 11.80**

For the year ended December 31, 2015

(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)	Jacobina Gold	Brio Gold Mines	Corporate Office & Other Total	Corporate Office & Other Gold
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ 75.7	$ 106.8	$ —	$ —
Depletion, depreciation and amortization	27.3	57.0	12.6	9.7
Total cost of sales	$ 103.0	$ 163.7	$ 12.6	$ 9.7
Depletion, depreciation and amortization	(27.3)	(57.0)	(12.6)	(9.7)
Inventory movement	1.2	(3.3)	—	—
Treatment and refining charges	—	—	—	—
Commercial and other costs	—	—	—	—
Overseas freight for Chapada Concentrate	—	—	—	—
Total co-product cash cost	$ 76.9	$ 103.5	$ —	$ —
General and administrative, excluding share-based compensation	1.0	0.7	85.5	63.4
Sustaining capital expenditures	25.7	22.5	—	—
Exploration and evaluation expense	—	—	19.0	14.1
Total all-in sustaining costs	$ 103.6	$ 126.8	$ 104.6	$ 77.5
Commercial gold/silver ounces, pounds of copper produced	96,715	144,098	—	—
Commercial gold/silver ounce, pounds of copper sold	96,477	143,840	—	—
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold	**$ 784**	**$ 742**		
DD&A per gold/silver ounce, pound of copper sold	**$ 283**	**$ 396**		
Total cost of sales per gold/silver ounce, pound of copper sold	**$ 1,068**	**$ 1,138**		
Co-product cash cost per gold/silver ounce, pound of copper produced	**$ 795**	**$ 718**		
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced	**$ 1,071**	**$ 880**		

For the year ended December 31, 2015 *(In millions of US Dollars, except ounces or pounds and cash costs per ounce/pound produced)*	**Corporate Office & Other Silver**	**Corporate Office & Other Copper**	**Total Gold** (excluding Brio Gold) *(v)*
Cost of sales excluding depletion, depreciation and amortization *(i)*	$ —	$ —	$ 657.4
Depletion, depreciation and amortization	1.0	1.9	362.2
Total cost of sales	$ 1.0	$ 1.9	$ 1,019.6
Depletion, depreciation and amortization	(1.0)	(1.9)	(362.2)
Inventory movement	—	—	(2.1)
Treatment and refining charges	—	—	6.1
Commercial and other costs	—	—	(1.0)
Overseas freight for Chapada Concentrate	—	—	(2.1)
Total co-product cash cost	$ —	$ —	$ 658.3
General and administrative, excluding share-based compensation	6.6	15.5	67.6
Sustaining capital expenditures	—	—	131.3
Exploration and evaluation expense	1.5	3.5	16.3
Total all-in sustaining costs	$ 8.1	$ 19.0	$ 873.5
Commercial gold/silver ounces, pounds of copper produced	—	—	1,022,125
Commercial gold/silver ounce, pounds of copper sold	—	—	1,019,123
Cost of sales excluding DD&A per gold/silver ounce, pound of copper sold			**$ 645**
DD&A per gold/silver ounce, pound of copper sold			**$ 355**
Total cost of sales per gold/silver ounce, pound of copper sold			**$ 1,000**
Co-product cash cost per gold/silver ounce, pound of copper produced			**$ 644**
Co-product all-in sustaining cost per gold/silver ounce, pound of copper produced			**$ 855**

(i) Cost of sales includes non-cash items including the impact of the movement in inventory. Beginning January 1, 2016, the Company revised the presentation of the reportable cash costs and comparative balances 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 (2015 - 80% copper and 20% gold and silver). TCRC's are defined as treatment and refining charges.

(iii) Chapada's general and administrative expense and exploration expense are allocated reflecting costs incurred on the related activities at Chapada. G&A and exploration expenses of all other operations are allocated based on the relative proportions of consolidated revenues from gold and silver sales.

(iv) Chapada's sustaining capital expenditures are allocated reflecting costs incurred on the related activities at Chapada. Sustaining capital expenditures of all other operations are allocated based on the relative proportions of consolidated revenues from gold and silver sales.

(v) Total Gold (excluding Brio Gold) equals to Total Gold less Brio Gold Mines in this table. Information related to GAAP values of cost of sales excluding DDA, DDA and total cost of sales are derived from the Consolidated Statements of Operations and *Note 32(b) Operating Segments, Information about Profit and Loss*, to the Consolidated Financial Statements.

ADJUSTED EARNINGS OR LOSS AND ADJUSTED EARNINGS OR LOSS PER SHARE FROM CONTINUING OPERATIONS

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 non-recurring items, items not related to or having a disproportionate effect on results for a particular periods and/or not directly related to the core mining business such as (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 uses these measures for internal valuation of the core mining performance for the period and to assist with planning and forecasting of future operations. 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-recurring items, items not related to or not indicative of current or future period's results and/or not directly related to the core mining business and are a better indication of the Company’s profitability from operations as evaluated by internal management and the board of directors. 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, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
Net (loss)/earnings per share from continuing operations attributable to Yamana Gold Inc. equity holders - *basic*	**$ (0.38)**	$ (1.53)	**$ (0.31)**	$ (2.24)
Non-cash unrealized foreign exchange (gains)/losses	**0.01**	0.02	**0.04**	(0.02)
Impact of change in Chilean tax rates on non-cash deferred tax expense	**—**	—	**—**	(0.01)
Share-based payments/mark-to-market of deferred share units	**—**	0.01	**0.01**	0.01
Demobilization and reorganization costs	**—**	—	**—**	0.01
Transaction costs related to the acquisition of Osisko	**—**	—	**—**	—
Loss on sale of assets	**—**	0.01	**—**	—
Impairment of mineral properties	**0.64**	2.14	**0.65**	2.77
Impairment of investment in available-for-sale securities and other assets	**—**	0.04	**0.02**	0.03
Other non-recurring provisions and other adjustments	**0.01**	—	**—**	0.02
Adjusted earnings/(loss) before income tax effect	**$ 0.28**	$ 0.69	**$ 0.41**	$ 0.57
Non-cash tax on unrealized foreign exchange gains	**0.05**	—	**(0.02)**	0.22
Income tax effect of adjustments	**(0.34)**	(0.69)	**(0.35)**	(0.87)
Adjusted (loss)/earnings per share from continuing operations attributable to Yamana Gold Inc. equity holders - *basic*	**$ (0.01)**	$ —	**$ 0.04**	$ (0.08)
Net (loss)/earnings per share from continuing operations attributable to Yamana Gold Inc. equity holders - *diluted*	**$ (0.38)**	$ (1.53)	**$ (0.31)**	$ (2.24)
Non-cash unrealized foreign exchange (gains)/losses	**0.01**	0.02	**0.04**	(0.02)
Impact of change in Chilean tax rates on non-cash deferred tax expense	**—**	—	**—**	(0.01)
Share-based payments/mark-to-market of deferred share units	**—**	0.01	**0.02**	0.01
Demobilization and reorganization costs	**—**	—	**—**	0.01
Transaction costs related to the acquisition of Osisko	**—**	—	**—**	—
Loss on sale of assets	**—**	0.01	**—**	—
Impairment of mineral properties	**0.65**	2.14	**0.65**	2.77
Impairment of investment in available-for-sale securities and other assets	**—**	0.04	**0.02**	0.03
Other non-recurring provisions and other adjustments	**0.01**	—	**—**	0.02
Adjusted earnings/(loss) before income tax effect	**$ 0.29**	$ 0.69	**$ 0.42**	$ 0.57
Non-cash tax on unrealized foreign exchange gains	**0.05**	—	**(0.02)**	0.22
Income tax effect of adjustments	**(0.34)**	(0.69)	**(0.35)**	(0.87)
Adjusted (loss)/earnings per share from continuing operations attributable to Yamana Gold Inc. equity holders - *diluted*	**$ —**	$ —	**$ 0.05**	$ (0.08)
Weighted average number of shares outstanding *(in thousands)*				
Basic	**947,647**	946,773	**947,443**	936,606
Diluted	**947,647**	946,773	**947,443**	936,606

ADJUSTED OPERATING CASH FLOWS

The Company uses the financial measures "Adjusted Operating Cash Flows", which is a non-GAAP financial measure, to supplement information in its consolidated financial statements. *Adjusted Operating Cash Flow* does not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures employed by other companies. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance by excluding certain items from cash flows from operating activities. 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 subtracting the impact of advance payments on metal purchase agreement. Reconciliations of Adjusted Operating Cash Flows are 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, 2016, respectively.

NET DEBT

The Company uses the financial measure "Net Debt", which is a non-GAAP financial measure, to supplement information in its Consolidated Financial Statements. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance. The non-GAAP financial measure of *net debt* does not have any standardized meaning prescribed under IFRS, and therefore it may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Net Debt is calculated as the sum of the current and non-current portions of long-term debt net of the cash and cash equivalent balance as at the balance sheet date. A reconciliation of the non-GAAP financial measure is provided below:

As at, ***(In millions of US Dollars)***		**December 31, 2016**		December 31, 2015
Debt				
Non-current portion	**$**	**1,573.8**	$	1,676.7
Current portion		**18.6**		97.0
Total debt	**$**	**1,592.4**	$	1,773.7
Less: Cash and cash equivalents		**97.4**		119.9
Net Debt	**$**	**1,495.0**	$	1,653.8

(i) Beginning January 1, 2016, the Company revised the presentation of net debt and comparative balances have been restated to conform to the change in presentation adopted in the current period.

NET FREE CASH FLOW

The Company uses the financial measure "Net Free Cash Flow", which is a non-GAAP financial measure, to supplement information in its Consolidated Financial Statements. *Net Free Cash Flow* does not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance with respect to its operating cash flow capacity to meet non-discretionary outflow of cash. The presentation of Net Free Cash Flow is not meant to be a substitute for the cash flow information presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. Net Free Cash Flow is calculated as cash flows from operating activities of continuing operations adjusted for advance payments pursuant to metal purchase agreements, non-discretionary expenditures from sustaining capital expenditures and interest and financing expenses paid related to the current period. Reconciliations of Net Free Cash Flow are provided in *Section 3: Outlook and Strategy* of the MD&A.

AVERAGE REALIZED METAL PRICES

The Company uses the financial measures "average realized gold price", "average realized silver price" and "average realized copper price", which are non-GAAP financial measures, to supplement in its Consolidated Financial Statements. *Average realized price* does not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance vis-à-vis average market prices of metals for the period. The presentation of average realized metal prices is not meant to be a substitute for the revenue information presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measure.

Average realized metal price represents the sale price of the underlying metal before deducting sales taxes, treatment and refining charges, and other quotational and pricing adjustments. Average realized prices are calculated as the revenue related to each of the metals sold, i.e. gold, silver and copper, divided by the quantity of the respective units of metals sold, i.e. gold ounce, silver ounce and copper pound. Reconciliations of average realized metal prices to revenue are provided below:

For the three months ended December 31,	**2016**				2015			
(In millions of US Dollars; unless otherwise noted)	**Total**	**Gold**	**Silver**	**Copper**	Total	Gold	Silver	Copper
Revenue	**$ 484.4**	**$ 387.7**	**$ 27.7**	**$ 69.0**	$ 439.1	$ 347.1	$ 26.1	$ 65.9
Treatment and refining charges of gold and copper concentrate	**11.0**	**1.6**	**0.1**	**9.3**	13.9	2.8	—	11.1
Sales taxes	**4.9**	**2.6**	**—**	**2.3**	6.4	4.7	—	1.7
Metal price adjustments related to concentrate revenue	**4.7**	**0.5**	**—**	**4.2**	9.3	0.6	—	8.7
Other adjustments	**(0.1)**	**—**	**—**	**(0.1)**	(0.8)	(0.8)	—	—
Gross revenue	**$ 504.9**	**$ 392.4**	**$ 27.8**	**$ 84.7**	$ 467.9	$ 354.4	$ 26.1	$ 87.4
Commercial gold/silver ounces, pounds of copper sold		**324,197**	**1,619,208**	**34,182,827**		321,649	1,784,819	38,592,240
Revenue per gold/silver ounce, pound of copper sold	**$**	**1,196**	**$ 17.11**	**$ 2.02**	$	1,079	$ 14.62	$ 1.71
Average realized price per gold/silver ounce, pound of copper sold	**$**	**1,210**	**$ 17.17**	**$ 2.48**	$	1,102	$ 14.62	$ 2.26

For the years ended December 31,	**2016**				2015			
(In millions of US Dollars; unless otherwise noted)	**Total**	**Gold**	**Silver**	**Copper**	Total	Gold	Silver	Copper
Revenue	**$ 1,787.7**	**$ 1,473.5**	**$ 112.7**	**$ 201.5**	$ 1,720.6	$ 1,316.5	$ 134.0	$ 270.1
Treatment and refining charges of gold and copper concentrate	**32.8**	**4.7**	**0.1**	**28.0**	41.0	6.7	0.1	34.2
Sales taxes	**17.6**	**9.8**	**0.3**	**7.5**	25.9	19.7	—	6.2
Metal price adjustments related to concentrate revenue	**(3.1)**	**(1.0)**	**—**	**(2.1)**	30.6	1.6	—	29.0
Other adjustments	**0.1**	**—**	**—**	**0.1**	(0.9)	(0.3)	(0.3)	(0.3)
Gross revenue	**$ 1,835.1**	**$ 1,487**	**$ 113.1**	**$ 235**	$ 1,817.2	$ 1,344.2	$ 133.8	$ 339.2
Commercial gold/silver ounces, pounds of copper sold		**1,188,273**	**6,604,862**	**104,923,875**		1,162,362	8,516,917	125,963,419
Revenue per gold/silver ounce, pound of copper sold	**$**	**1,240**	**$ 17.06**	**$ 1.92**	$	1,133	$ 15.74	$ 2.14
Average realized price per gold/silver ounce, pound of copper sold	**$**	**1,251**	**$ 17.06**	**$ 2.24**	$	1,156	$ 15.74	$ 2.69

ADDITIONAL LINE ITEMS OR SUBTOTALS IN FINANCIAL STATEMENTS

The Company uses the following line items and subtotals in the financial statements as contemplated in *IAS 1 Presentation of Financial Statements*:

- *Gross margin excluding depletion, depreciation and amortization* — represents the amount of revenue in excess of cost of sales excluding depletion, depreciation and amortization. This additional measure represents the cash contribution from the sales of metals before all other operating expenses and DDA, in the reporting period.
- *Mine operating earnings* — represents the amount of revenue in excess of cost of sales excluding depletion, depreciation and amortization and depletion, depreciation and amortization.
- *Operating earnings* - represents the amount of earnings before net finance income/expense and income tax recovery/expense. This measure represents the amount of financial contribution, net of all expenses directly attributable to mining operations and overheads. Finance income, finance expense and foreign exchange gains/losses are not classified as expenses directly attributable to mining operations.
- *Cash flows from operating activities before 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. As the Company uses the indirect method prescribed by IFRS in preparing its statement of cash flows, this additional measure represents the cash flows generated by the mining business to complement the GAAP measure of cash flows from operating activities, which is adjusted for the working capital change during the reporting period.

The Company's management believes that 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

For the three months ended *(In millions of US Dollars, unless otherwise noted)*		**Dec. 31, 2016**	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016
Financial results					
Revenue *(i)*	$	**484.4** $	464.3 $	438.0 $	400.9
Mine operating (loss)/earnings	$	**(639.3)**$	91.0 $	54.3 $	79.0
Net (loss)/earnings from continuing operations *(iv)*	$	**(355.4)**$	(2.1)$	30.4 $	36.1
Adjusted earnings/(loss) *(ii)* from continuing operations *(iv)*	$	**6.7** $	17.0 $	(2.3)$	21.8
Net (loss)/earnings *(iv)*	$	**(368.0)**$	(11.8)$	34.8 $	36.4
Cash flows from operating activities from continuing operations	$	**163.0** $	178.6 $	192.7 $	116.3
Cash flows from operating activities before net change in working capital *(ii)*	$	**147.7** $	173.0 $	189.5 $	115.2
Cash flows to investing activities from continuing operations	$	**(119.5)**$	12.9 $	(120.6)$	(139.7)
Cash flows (to)/from financing activities operations from continuing operations	$	**(187.7)**$	(33.3)$	(108.7)$	22.0
Per share financial results					
Net (loss)/earnings per share from continuing operations attributable to Yamana equityholders					
Basic and diluted	$	**(0.38)**$	0.00 $	0.03 $	0.04
Adjusted earnings per share (ii) from continuing operations attributable to Yamana equityholders					
Basic and diluted	$	**0.01** $	0.02 $	0.00 $	0.02
Weighted average number of common shares outstanding - Basic (in thousands)		**947,647**	947,590	947,346	947,173
Weighted average number of common shares outstanding - diluted (in thousands)		**947,647**	947,590	948,096	947,670
Financial position					
Cash and cash equivalents	$	**97.4** $	243.6 $	93.4 $	124.6
Total assets	$	**8,801.7** $	9,564.5 $	9,532.9 $	9,584.0
Total non-current liabilities	$	**3,746.6** $	4,124.0 $	4,098.8 $	4,178.6
Production - Gold					
Gold ounces produced *(v)*		**319,265**	305,581	290,137	283,757
Discontinued operations - gold ounces		**—**	23,023	22,948	24,304
Total gold ounces produced		**319,265**	328,604	313,085	308,061
Total cost of sales per gold ounce sold *(ii)*	$	**1,004** $	1,038 $	1,056 $	939
Co-product cash costs per gold ounce produced *(ii) (v)*	$	**667** $	692 $	698 $	601
All-in sustaining co-product costs per gold ounce produced *(ii) (v)*	$	**928** $	954 $	958 $	786
Production - Silver					
Silver ounces produced *(v)*		**1,627,051**	1,592,526	1,687,644	1,802,029
Discontinued operations - silver ounces		**—**	98,995	103,262	124,620
Total silver ounces produced		**1,627,051**	1,691,521	1,790,906	1,926,649
Total cost of sales per silver ounce sold *(ii)*	$	**15.58** $	15.36 $	12.94 $	12.06
Co-product cash costs per silver ounce produced *(ii) (v)*	$	**10.07** $	9.79 $	8.47 $	7.68
All-in sustaining co-product costs per silver ounce produced *(ii) (v)*	$	**13.41** $	13.79 $	12.18 $	10.44
Production - Other					
Chapada concentrate production (tonnes)		**68,375**	56,100	43,720	48,138
Chapada copper contained in concentrate (millions of pounds)		**36.9**	29.6	23.2	25.9
Total cost of sales per pound of copper sold *(ii)*	$	**1.80** $	1.91 $	2.09 $	1.81
Chapada co-product cash costs per pound of copper produced	$	**1.44** $	1.60 $	1.80 $	1.54
Sales included in revenue					
Gold (ounces)		**324,197**	296,330	291,152	276,589
Silver (millions of ounces)		**1.6**	1.5	1.7	1.8
Chapada concentrate (tonnes)		**68,477**	47,604	52,735	48,364

Chapada payable copper contained in concentrate (millions of pounds)		**34.2**	22.1	26.0	22.7
Revenue per ounce / pound					
Gold - per ounce	**$**	**1,196** $	1,327 $	1,256 $	1,179
Silver - per ounce	**$**	**17.11** $	19.47 $	16.72 $	14.92
Copper - per pound	**$**	**2.02** $	1.86 $	1.7 $	2.14
Average realized prices					
Gold - per ounce *(i)*	**$**	**1,210** $	1,337 $	1,267 $	1,189
Silver - per ounce *(i)*	**$**	**17.17** $	19.53 $	16.83 $	14.93
Copper - per pound *(i)*	**$**	**2.48** $	2.14 $	2.12 $	2.12

For the three months ended *(In millions of US Dollars, unless otherwise noted)*		Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015
Financial results					
Revenues *(i)*	$	439.1 $	424.4 $	431.6 $	425.4
Mine operating earnings	$	(1,419.8)$	52.1 $	63.5 $	36.6
Net (loss)/earnings from continuing operations *(iv)*	$	(1,448.7)$	(107.0)$	4.3 $	(135.4)
Adjusted loss *(ii)* from continuing operations *(iv)*	$	(6.1)$	(16.7)$	(3.9)$	(37.7)
Net loss *(iv)*	$	(1,842.1)$	(113.0)$	(8.0)$	(151.7)
Cash flows from operating activities from continuing operations	$	296.9 $	84.4 $	120.3 $	12.5
Cash flows from operating activities before net change in working capital *(ii)*	$	294.3 $	124.9 $	147.5 $	88.1
Cash flows to investing activities from continuing operations	$	(144.7)$	(59.8)$	(93.7)$	(68.9)
Cash flows (to)/from financing activities operations from continuing operations	$	(168.2)$	(3.3)$	(23.9)$	(9.5)
Per share financial results					
Loss per share from continuing operations attributable to Yamana equityholders					
Basic and diluted	$	(1.53)$	(0.11)$	— $	(0.15)
Adjusted loss per share (ii) from continuing operations attributable to Yamana equityholders					
Basic and diluted	$	(0.01)$	(0.02)$	— $	(0.04)
Weighted average number of common shares outstanding - basic (in thousands)		946,773	946,563	938,900	913,716
Weighted average number of common shares outstanding - diluted (in thousands)		946,773	946,563	938,900	913,716
Financial position					
Cash and cash equivalents	$	119.9 $	137.5 $	119.1 $	121.1
Total assets	$	9,518.1 $	12,162.5 $	12,224.5 $	12,487.6
Total non-current liabilities	$	4,111.4 $	4,929.9 $	4,929.5 $	5,007.9
Production - Gold					
Commercial gold ounces produced *(v)*		316,795	300,190	274,401	274,838
Discontinued operations - gold ounces		20,407	20,155	19,306	24,270
Total gold ounces produced		337,201	320,346	293,707	299,108
Total cost of sales per gold ounce sold *(ii)*	$	970 $	986 $	1,034 $	1,125
Co-product cash costs per gold ounce produced *(ii) (v)*	$	609 $	643 $	682 $	687
All-in sustaining co-product costs per gold ounce produced *(ii) (v)*	$	784 $	844 $	919 $	896
Production - Silver					
Commissioning silver ounces produced from continuing operations *(v)*		1,857,469	2,108,287	2,293,115	2,369,471
Discontinued operations - silver ounces		102,116	88,456	78,932	113,439
Total silver ounces produced		1,959,586	2,196,743	2,372,046	2,482,910
Total cost of sales per silver ounce sold *(ii)*	$	12.93 $	14.17 $	15.97 $	12.80
Co-product cash costs per silver ounce produced *(ii) (v)*	$	7.71 $	8.77 $	9.12 $	7.93
All-in sustaining co-product costs per silver ounce produced *(ii) (v)*	$	9.93 $	11.98 $	12.91 $	10.97
Production - Other					

Chapada concentrate production (tonnes)		70,255	63,259	61,324	47,685
Chapada copper contained in concentrate production (millions of pounds)		36.6	34.0	33.6	26.8
Total cost of sales per pound of copper sold *(ii)*	$	1.42 $	1.66 $	1.56 $	2.04
Chapada co-product cash costs per pound of copper produced	$	1.31 $	1.43 $	1.40 $	1.82
Sales included in revenue					
Gold (ounces)		321,639	296,939	273,618	270,767
Silver (millions of ounces)		1.8	2.2	2.3	2.3
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
Revenue per ounce / pound					
Gold - per ounce	$	1,051 $	1,100 $	1,170 $	1,194
Silver - per ounce	$	14.35 $	14.85 $	16.27 $	16.91
Copper - per pound	$	1.73 $	2.27 $	2.37 $	2.37
Average realized prices					
Gold - per ounce *(i)*	$	1,102 $	1,123 $	1,195 $	1,220
Silver - per ounce *(i)*	$	14.65 $	14.88 $	16.27 $	16.73
Copper - per pound *(i)*	$	2.26 $	2.85 $	2.91 $	2.89

(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 and additional line items or subtotals in financial statements 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) and the U.S. Securities and Exchange Commission (or the SEC). The evaluation included documentation review, inquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the 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.

In its management's discussion and analysis for the year ended December 31, 2015 and for each of the first three quarters of 2016, management of the Company concluded that the Company's disclosure controls and procedures were effective as of December 31, 2015, despite the fact that a material weakness in the Company's internal control over financial reporting was identified that rendered the Company's internal control over financial reporting ineffective as of such dates. The Staff of the SEC has expressed its view that the existence of such material weakness also rendered the Company's disclosure controls and procedures ineffective as of December 31, 2015. Consequently, the Company advises that because of the previously disclosed material weakness, its disclosure controls and procedures were ineffective as of December 31, 2015 and continued to be ineffective until such material weakness was remediated as described below under "Management's Report on Internal Control Over Financial Reporting".

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as such term is defined in the rules of the Canadian Securities Administrators and the SEC. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes:

- maintaining records, that in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets of the Company;
- providing reasonable assurance that transactions are recorded as necessary for preparation of our Consolidated Financial Statements in accordance with generally accepted accounting principles;
- providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and the directors of the Company; and
- providing reasonable assurance that unauthorized acquisition, use or disposition of Company assets that could have a material effect on the Company's Consolidated Financial Statements would be prevented or detected on a timely basis.

Management assessed the effectiveness of the Company's internal control over financial reporting, as defined in Rules 13a - 15(f) and 15d - 15(f) of the Securities Exchange Act of 1934, based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission as of December 31, 2016. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2016.

In Management's Report on Internal Control Over Financial Reporting as at December 31, 2015, management of the Company concluded that the Company had not maintained effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, because 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 had concluded that a material weakness existed in this review control as of December 31, 2015. 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 did not result in a misstatement or error in the Company's financial statements.

In order to address the material weakness identified as of December 31, 2015, the controls related to income taxes have been re-designed as of December 31, 2016, including control narratives and all related documentation, to increase the precision to prevent or detect error. The aforementioned effort has resulted in the improvement of internal controls over income taxes. Tests have been conducted during the year with results indicating that the identified material weakness related to ineffective internal controls over income taxes has been remediated.

As described in the Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Mineração Riacho dos Machados Ltda ("MRDM"), which was acquired on April 29, 2016, and whose financial statements constitute $53.9 million and $78.6 million of net and total assets, respectively, $39.3 million of total revenue and $6.2 million of net loss of the consolidated financial statement amounts as of and for the year ended December 31, 2016.

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 the annual report and have issued an attestation report dated February 24, 2017 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

As described above under "Management's Report on Internal Control Over Financial Reporting", during the three months ended December 31, 2016, improvements have been made in the Company's internal control over financial reporting to remediate a material weakness identified as of December 31, 2015 with respect to controls related to income taxes. These improvements have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting resulting from such material weakness. The Company has not made other changes in internal controls.

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 judgements 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, 2016 and December 31, 2015 and results of operations for the periods ended December 31, 2016 and December 31, 2015.

This Management's Discussion and Analysis has been prepared as of February 24, 2017. The Annual Consolidated 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, 2016 (collectively the "Financial Statements"). You are encouraged to review the Financial Statements in conjunction with your review of this Management's Discussion and Analysis. This Management's Discussion and Analysis should be read in conjunction with both the Financial Statements and the most recent

Annual Information Form for the year ended December 31, 2015 on file with the Securities Commissions of all of the provinces in Canada and which are included in the 2016 Annual Report on Form 40-F filed with the United States Securities and Exchange Commission. Certain notes to the Financial Statements are specifically referred to in this Management's Discussion and Analysis. All Dollar amounts in the Management's Discussion and Analysis are in 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, the outcome of the legal matters involving the damages assessments and any related enforcement proceedings. Forward-looking statements are characterized by words such as "plan," "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the Company's expectations in connection with the production and exploration, development and expansion plans at the Company's projects discussed herein being met, the impact of proposed optimizations at the Company's projects, the impact of the proposed new mining law in Brazil 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), the impact of inflation, possible variations in ore grade or recovery rates, changes in the Company's hedging program, changes in accounting policies, changes in mineral resources and mineral reserves, risks related to asset disposition, risks related to metal purchase agreements, risks related to acquisitions, changes in project parameters as plans continue to be refined, changes in project development, construction, production and commissioning time frames, unanticipated costs and expenses, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, final pricing for concentrate sales, unanticipated results of future studies, seasonality and unanticipated weather changes, costs and timing of the development of new deposits, success of exploration activities, permitting timelines, government regulation and the risk of government expropriation or nationalization of mining operations, risks related to relying on local advisors and consultants in foreign jurisdictions, environmental risks, unanticipated reclamation expenses, risks relating to joint venture operations, title disputes or claims, limitations on insurance coverage 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, 2016 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

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, 2016, is based on the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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

The Audit Committee is appointed by the Board, and all of its members are independent directors. The Committee meets at least four times a year with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the quarterly and the annual reports, the financial statements and the external auditors' reports. 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"	**"Charles B. Main"**
Chairman and *Chief Executive Officer*	*Executive Vice President, Finance and* *Chief Financial Officer*

February 24, 2017

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, 2016 and December 31, 2015, and the consolidated statements of operations, consolidated statements of comprehensive loss, consolidated statements of changes in equity, and consolidated statements of 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 judgement, 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, 2016 and December 31, 2015, 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, 2016, 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 24, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/S/ Deloitte LLP

Chartered Professional Accountants
February 24, 2017
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, 2016, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in the Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Mineração Riacho dos Machados Ltda ("MRDM"), which was acquired on April 29, 2016, and whose financial statements constitute $53.9 million and $78.6 million of net and total assets, respectively, $39.3 million of total revenue and $6.2 million of net loss of the consolidated financial statement amounts as of and for the year ended December 31, 2016. Accordingly, our audit did not include the internal control over financial reporting at MRDM. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards 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.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, 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 at and for the year ended December 31, 2016 of the Company and our report dated February 24, 2017 expressed an unmodified/unqualified opinion on those financial statements.

/S/ Deloitte LLP

Chartered Professional Accountants
February 24, 2017
Vancouver, Canada

YAMANA GOLD INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31,

(In millions of United States Dollars except for shares and per share amounts)		**2016**		2015
Revenue	**$**	**1,787.7**	$	1,720.6
Cost of sales excluding depletion, depreciation and amortization *(Note 7)*		**(1,029.0)**		(1,015.1)
Gross margin excluding depletion, depreciation and amortization	**$**	**758.7**	$	705.5
Depletion, depreciation and amortization		**(462.3)**		(503.9)
Impairment of mining properties *(Note 11)*		**(711.3)**		(1,469.0)
Mine operating loss	**$**	**(414.9)**	$	(1,267.4)
Expenses				
General and administrative		**(100.2)**		(110.1)
Exploration and evaluation		**(14.9)**		(18.7)
Equity loss from associate		**—**		(17.5)
Other expenses *(Note 9)*		**(39.7)**		(69.6)
Reversal/(Impairment) of non-operating mining properties *(Note 11)*		**96.2**		(567.1)
Operating loss	**$**	**(473.5)**	$	(2,050.4)
Finance income *(Note 10)*	**$**	**1.6**	$	34.3
Finance expense *(Note 10)*		**(143.8)**		(146.9)
Net finance expense	**$**	**(142.2)**	$	(112.6)
Loss before taxes	**$**	**(615.7)**	$	(2,163.0)
Current income tax expense *(Note 12)*	**$**	**(21.8)**	$	(91.8)
Deferred income tax recovery *(Note 12)*		**346.7**		568.1
Income tax recovery from continuing operations	**$**	**324.9**	$	476.3
Net loss from continuing operations	**$**	**(290.8)**	$	(1,686.7)
Net loss from discontinued operations *(Note 6(b))*		**(17.5)**		(428.1)
Net loss	**$**	**(308.3)**	$	(2,114.8)
Attributable to:				
Yamana Gold Inc. equity holders	**$**	**(307.9)**	$	(2,114.8)
Non-controlling interests		**(0.4)**		—
Net loss	**$**	**(308.3)**	$	(2,114.8)
Net loss per share attributable to Yamana Gold Inc. equity holders *(Note 13)*				
Net loss per share from continuing operations - basic and diluted	**$**	**(0.31)**	$	(1.80)
Net loss per share from discontinued operations - basic and diluted	**$**	**(0.02)**	$	(0.46)
Net loss per share - basic and diluted	**$**	**(0.33)**	$	(2.26)
Weighted average number of shares outstanding *(in thousands)* *(Note 13)*				
Basic		**947,443**		936,606
Diluted		**947,443**		936,606

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

YAMANA GOLD INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31,

(In millions of United States Dollars)		**2016**		2015
Net loss	**$**	**(308.3)**	$	(2,114.8)
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, net of income tax of nil		**(3.1)**		(0.3)
- Increase in fair value of hedging instruments		**6.3**		44.1
- Decrease in fair value of hedging instruments		**(7.9)**		(6.3)
- Reclassification of losses recorded in earnings		**2.8**		(3.9)
- Tax Impact on fair value of hedging instruments		**(1.0)**		(9.0)
	$	**(2.9)**	$	24.6
Items that will not be reclassified to profit or loss:				
- Re-measurement of employee benefit plan		**(1.4)**		0.1
Total other comprehensive loss	**$**	**(4.3)**	$	24.7
Total comprehensive loss	**$**	**(312.6)**	$	(2,090.1)
Attributable to :				
Yamana Gold Inc. equity holders	**$**	**(313.0)**	$	(2,090.1)
Non-controlling interests		**0.4**		—
Total comprehensive loss	**$**	**(312.6)**	$	(2,090.1)

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)		**2016**		2015
Operating activities				
Loss before taxes	**$**	**(615.7)**	$	(2,163.0)
Adjustments to reconcile earnings before taxes to net operating cash flows:				
Depletion, depreciation and amortization		**462.3**		503.9
Share-based payments *(Note 29)*		**14.2**		11.2
Equity loss from associate		**—**		17.5
Finance income *(Note 10)*		**(1.6)**		(34.3)
Finance expense *(Note 10)*		**143.8**		146.9
Mark-to-market on sales of concentrate and price adjustments on unsettled invoices		**(9.1)**		(1.8)
Mark-to-market on warrants and other assets		**(4.3)**		(13.2)
Impairment and impairment reversal of mineral properties *(Note 11)*		**615.1**		2,036.1
Amortization of deferred revenue on metal purchase agreements		**(6.8)**		—
Other non-cash expenses *(Note 15 (d))*		**36.7**		90.1
Advanced payments received on metal purchase agreement *(Note 25)*		**64.0**		148.0
Decommissioning, restoration and similar liabilities paid *(Note 27)*		**(8.1)**		(4.2)
Income taxes paid		**(63.9)**		(82.4)
Cash flows from operating activities before net change in working capital	**$**	**626.6**	$	654.8
Net change in working capital *(Note 15(b))*		**25.3**		(140.8)
Cash flows from operating activities of continuing operations	**$**	**651.9**	$	514.0
Cash flows from operating activities of discontinued operations *(Note 6)*	**$**	**12.9**	$	17.4
Investing activities				
Acquisition of property, plant and equipment *(Note 21)*	**$**	**(495.4)**	$	(353.8)
Payments on settlement of derivative contracts		**(7.6)**		(23.7)
Proceeds from sale of Mexican operation *(Note 6(b))*		**124.0**		—
Proceeds from sale of bond		**—**		18.6
Proceeds from Brio Gold Inc. rights offering *(Note 6(a))*		**40.7**		—
Acquisition of Mineração Riacho dos Machados Ltda *(Note 6(c))*		**(50.2)**		(6.0)
Interest received		**0.2**		0.8
Proceeds on disposal of investments and other assets (*Note 19)*		**33.6**		—
Other investing activities		**(12.3)**		(3.1)
Cash flows used in investing activities of continuing operations	**$**	**(367.0)**	$	(367.2)
Cash flows used in investing activities of discontinued operations *(Note 6)*	**$**	**(12.9)**	$	(25.1)
Financing activities				
Dividends paid *(Note 28(b))*	**$**	**(28.0)**	$	(55.2)
Interest and other finance expenses paid		**(96.2)**		(114.6)
Proceeds on common share offering		**—**		228.2
Repayment of term loan and assumed debt *(Note 26)*		**(484.5)**		(688.6)
Proceeds from term loan and notes payable *(Note 26)*		**300.5**		425.6
Cash flows used in financing activities of continuing operations	**$**	**(308.2)**	$	(204.6)
Effect of foreign exchange of non-United States Dollar denominated cash and cash equivalents		**0.8**		(5.7)
Decrease in cash and cash equivalents of continuing operations	**$**	**(22.5)**	$	(63.5)
Increase/(Decrease) in cash and cash equivalents of discontinued operations	**$**	**—**	$	(8.2)
Cash and cash equivalents of continuing operations, beginning of year	**$**	**119.9**	$	183.4
Cash and cash equivalents of discontinued operations, beginning of year	**$**	**—**	$	8.2
Cash and cash equivalents, end of year of continuing operations	**$**	**97.4**	$	119.9

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)		**2016**		*2015*
Assets				
Current assets:				
Cash and cash equivalents *(Note 15)*	**$**	**97.4**	$	119.9
Trade and other receivables *(Note 17)*		**36.6**		45.9
Inventories *(Note 18)*		**254.1**		270.0
Other financial assets *(Note 19)*		**75.5**		102.3
Other assets *(Note 20)*		**88.8**		93.1
Assets held for sale *(Note 6 (e))*		**—**		17.8
	$	**552.4**	$	649.0
Non-current assets:				
Property, plant and equipment *(Note 21)*		**7,566.3**		8,208.7
Other financial assets *(Note 19)*		**36.5**		27.3
Deferred tax assets *(Note 12(b))*		**116.7**		88.6
Goodwill and intangibles *(Note 22)*		**481.0**		489.5
Other assets *(Note 20)*		**48.8**		55.0
Total assets	**$**	**8,801.7**	$	9,518.1
Liabilities				
Current liabilities:				
Trade and other payables *(Note 23)*	**$**	**340.0**	$	316.1
Income taxes payable		**4.8**		27.1
Other financial liabilities *(Note 24)*		**95.2**		166.1
Other provisions and liabilities *(Note 25)*		**35.1**		18.1
Liabilities held for sale *(Note 6 (e))*		**—**		14.7
	$	**475.1**	$	542.1
Non-current liabilities:				
Long-term debt *(Note 26)*		**1,573.8**		1,676.7
Decommissioning, restoration and similar liabilities *(Note 27)*		**222.2**		187.6
Deferred tax liabilities *(Note 12(b))*		**1,511.4**		1,837.8
Other financial liabilities *(Note 24)*		**76.9**		60.6
Other provisions and liabilities *(Note 25)*		**362.3**		348.7
Total liabilities	**$**	**4,221.7**	$	4,653.5
Equity				
Share capital *(Note 28)*				
Issued and outstanding 947,797,596 common shares (December 31, 2015 - 947,038,778 shares)	**$**	**7,630.5**	$	7,625.4
Reserves *(Note 14(b))*		**12.0**		18.6
Deficit		**(3,130.3)**		(2,802.7)
Equity attributable to Yamana Gold Inc. shareholders	**$**	**4,512.2**	$	4,841.3
Non-controlling interest *(Note 30)*		**67.8**		23.3
Total equity	**$**	**4,580.0**	$	4,864.6
Total liabilities and equity	**$**	**8,801.7**	$	9,518.1

Contractual commitments and contingencies (Notes 33 and 34).

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

Approved by the Board

"Peter Marrone"	**"Patrick Mars"**
PETER MARRONE	*PATRICK MARS*
Director	*Director*

YAMANA GOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31,

(In millions of United States Dollars)	Share capital	Equity reserve	Hedging reserve	Available -for-sale reserve	Other reserve	Total reserves	Deficit	Equity attributable to Yamana shareholders	Non-controlling interest	Total equity
Balance as 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)**
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 interest *(Note 6)*	36.4	0.2	—	—	—	0.2	—	**36.6**	—	**36.6**
Issued on vesting of restricted share units *(Note 28)*	13.7	(13.7)	—	—	—	(13.7)	—	**—**	—	**—**
Issued on public offering (net of issue costs) (Note 28)	227.9	—	—	—	—	—	—	**227.9**	—	**227.9**
Restricted share units *(Note 29)*	—	10.0	—	—	—	10.0	—	**10.0**	4.6	**14.6**
Share cancellation *(Note 28)*	(0.3)	0.3	—	—	—	0.3	—	**—**	—	**—**
Dividend reinvestment plan (Note 28)	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**
Balance as at January 1, 2016	**$ 7,625.4**	**$ 20.1**	**$ —**	**$ (0.4)**	**$ (1.1)**	**$ 18.6**	**$ (2,802.7)**	**$ 4,841.3**	**$ 23.3**	**$ 4,864.6**
Net loss	—	—	—	—	—	—	(307.9)	(307.9)	(0.4)	**(308.3)**
Other comprehensive income, net of income tax *(Note 14)*	—	—	0.2	(3.1)	(1.4)	(4.3)	—	**(4.3)**	—	**(4.3)**
Transactions with owners										
Exercise of stock options and share appreciation rights (*Note 29*)	0.3	0.5	—	—	—	0.5	—	0.8	—	0.8
Offering of purchase rights of Brio Gold Inc. *(Note 6(a) and Note 30)*	—	—	—	—	—	—	—	—	37.9	37.9
Issued on vesting of restricted share units *(Note 28)*	4.5	(4.5)	—	—	—	(4.5)	—	**—**	—	**—**
Vesting restricted share units *(Note 29)*	—	1.7	—	—	—	1.7	—	**1.7**	7.0	**8.7**
Dividend reinvestment plan *(Note 28)*	0.3	—	—	—	—	—	—	**0.3**	—	**0.3**
Dividends	—	—	—	—	—	—	(19.7)	**(19.7)**	—	**(19.7)**
Balance as at December 31, 2016	**$ 7,630.5**	**$ 17.8**	**$ 0.2**	**$ (3.5)**	**$ (2.5)**	**$ 12.0**	**$ (3,130.3)**	**$ 4,512.2**	**$ 67.8**	**$ 4,580.0**

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

For the Years Ended December 31, 2016 and December 31, 2015
(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 Canada, Brazil, Chile and Argentina. 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.

The address of the Company's registered office is 200 Bay Street, Suite 2200, Royal Bank Plaza North Tower Toronto, Ontario, Canada, M5J 2J3. The Company is listed on the Toronto Stock Exchange (Symbol: YRI) and The New York Stock Exchange (Symbol: AUY).

The Consolidated Financial Statements of the Company as at and for the years ended December 31, 2016 and December 31, 2015 are comprised of the Company, its subsidiaries and its joint operation of the Canadian Malartic mine ("Canadian Malartic") ("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 recorded impairments and reversals at year-end

The Company's, together with all its subsidiaries, 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 24, 2017.

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 accounts of Yamana Gold Inc. (parent and ultimate holding company) and the following significant entities as at December 31, 2016 and 2015:

	Country of incorporation	Interest 2016	Interest 2015
Mineração Maracá Industria e Comércio S.A.	Brazil	**100%**	100%
Minera Meridian Ltda.	Chile	**100%**	100%
Minas Argentinas S.A.	Argentina	**100%**	100%
Canadian Malartic Corporation - a joint operation *(Note 3(b))*	Canada	**50%**	50%
Minera Florida Ltda.	Chile	**100%**	100%
Jacobina Mineração e Comércio Ltda.	Brazil	**100%**	100%
Brio Gold Inc. *(Note 30(ii))*	Canada	**85%**	100%
Minera Meridian Minerales SRLCV (divested in September 2016)	Mexico	**n/a**	100%

The Company's Consolidated Financial Statements also include, the Company's 100%-own development property, Cerro Moro in Argentina which is under construction, Yamana Gold Ontario in Canada, Agua Fria in Chile and the Company's 56.7% interest in Agua De La Falda S.A. ("ADLF").

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 does not have any material off-balance sheet arrangements, excepted as noted in *Note 33: 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's assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis in accordance with its share 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 activities and assets to qualify as a business as the Company considers other factors to determine whether the set of activities and 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 and reversal of 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 the asset or CGU. 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 *Impairment of Assets*. 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. 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 had 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 seven 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,
- Minera Florida mine in Chile,
- Jacobina mine in Brazil, and
- Brio Gold Inc. ("Brio Gold")

In addition to the above reportable operating segments, the Company aggregates and discloses the financial results, under "Corporate and other", of other reportable operating segments having similar economic characteristics as reviewed by the CODM and include, but are not limited to 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 judgements 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 in reference to the prevailing market prices at a specified future date after shipment. 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 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. ("Sandstorm") and Altius Minerals Corporation ("Altius"), 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 and Altius 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. Transaction costs associated with acquiring financial instruments accounted for at fair value through profit and loss are expensed on initial recognition. Transaction costs of acquiring other financial instruments are included with the value of the instrument 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

Loans & receivables 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 equity instruments classified as available-for-sale.

Derivative Instruments and Hedging

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 and silver sales.

ii. Currency Derivatives

The Company, from time to time, may enter into currency forward contracts and "zero-cost collar" option trading strategy 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 and changes in time value of options 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 de-recognition 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 29: 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 recognize compensation expense over the vesting period. For the DSUs, the fair value method requires that a mark-to-market adjustment be recorded at the end of each reporting period with the recovery or expense for the period recorded in other operating expenses. The Company's share option plan includes a share appreciation feature. If and when the share options are ultimately exercised, the applicable amount in the equity reserve is transferred to share capital.

Equity instruments, including share-based payments, issued by subsidiaries that are not owned by the parent are non-controlling interests regardless of whether they are vested and of the exercise price (refer to *Note 30: 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 or recovery comprises of current and deferred tax. Income tax expense or recovery is recognized in the Consolidated Statements of Operations except to the extent it relates to items recognized directly in equity or in other comprehensive income ("OCI"), in which case the related taxes are recognized in equity or OCI.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, which may differ from earnings reported in the Consolidated Statements of Operations due to items of income or expenses that are not currently taxable or deductible for tax purposes, using tax rates substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized based on the balance sheet method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

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

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

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

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

(m) Inventories

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 prevailing prices at end of period

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 life differs. Useful lives of building, plant and equipment items range from two to thirty years, but do not exceed the related estimated mine life based on proven and probable mineral reserves and the portion of mineral resources that management expects to become mineral reserves in the future and be economically extracted.

	Depreciation Method	Useful Life
Building	Straight Line	4 to 30 years
Machinery and equipment	Straight Line	2 to 7 years
Vehicles	Straight Line	3 to 5 years
Furniture and office equipment	Straight Line	2 to 10 years
Computer equipment and software	Straight Line	3 to 5 years
Land	Not depreciated	

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

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, mineral reserve and mineral resource extension and infill drilling.

Exploration expenditures include the costs incurred in either the initial exploration for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits.

Evaluation expenditures include the costs incurred to establish the technical feasibility and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- acquiring the rights to explore;
- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable mineral reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, pre-feasibility and final feasibility studies.

The values assigned to the tangible exploration and evaluation assets are carried at acquired costs until such time as the technical feasibility and commercial viability of extracting mineral resource from the assets is demonstrated, which occurs when the activities are designated as a development project and advancement of the project is considered economically feasible. At that time, the property and the related costs are reclassified as part of the development costs of a producing property not yet subject to depletion, and remain capitalized. Assessment for impairment is conducted before reclassification.

Depletion or depreciation of those capitalized exploration and evaluation costs and development costs commences upon completion of commissioning of the associated project or component. Depletion of mining properties and amortization of preproduction and development costs are calculated and recorded on a unit-of-production basis over the estimate of recoverable ounces. The depletable costs for the reporting period are the total depletable costs related to the ore body or component of the ore body in production multiplied by the number of ounces produced in the reporting period divided by the estimated recoverable ounces, 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 or that an impairment may be reversed. Costs related to areas of interest abandoned are written off when the decision of abandonment is made. Refer to (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 related to a separately identified mine and reports it as "mines 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, the planned production level, grades and recovery rates have been achieved in a sustainable manner.
- Achievement of mechanical completion and operational 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”, which consists of “project with mineral reserves”, “exploration potential” and “assets under construction”, 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 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, impairment charges and reversal of impairment

  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 $711.3 million (2015 - $2.04 billion) and concluded that no reversals are required on previously recognized impairments with the exception of C1 Santa Luz for $96.2 million (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 2015 and the Altius Minerals Corp. ("Altius") metal transactions entered into during the year(refer to *Note 25: Other Provisions and Liabilities* for further details). Management has determined that based on the agreements, Sandstorm and Altius assume significant business risk and rewards associated with the timing and amount of metals being delivered. As such, the deposits received from Sandstorm and Altius have been recorded as deferred revenue in the consolidated balance 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 financial performance.

- 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 $80.4 million (2015 - $62.7 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, 2016, a cumulative total of $301.9 million (2015 - $238.3 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.

In February 2016, Brio Gold, a subsidiary of the Company, entered into an Assignment and Assumption Agreement and a Restructuring Agreement pursuant to which it would ultimately acquire all right, title and interests in Mineração Riacho dos Machados Ltda ("MRDM"), a wholly-owned subsidiary of Carpathian Gold Inc. ("Carpathian"), from Macquarie Bank Limited, holder of rights and interests in loan facility extended to MRDM, and Carpathian. MRDM owns and operates the Riacho Dos Machados ("RDM") mine which is an open-pit gold mining operation located in Minas Gerais State, Brazil. Brio Gold has recognized its interest in the assets, liabilities, revenues and expenses of MRDM in accordance with the Company's rights and obligations prescribed by the transaction, as a business combination. In accordance with the Company's accounting policy, the Company has recognized the acquired identifiable assets and liabilities. Acquisition related costs of $3.5 million have been recognized as an expense and included in other expenses in the Consolidated Statements of Operations for the year ended December 31, 2016. 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 valuators to assist in determining asset and liability fair values and the allocation of the purchase consideration over the fair value of the assets and liabilities. The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgements and estimates about future events, including but not limited to estimates of mineral reserves and mineral resources acquired, exploration potential, future operating costs and capital expenditures, future metal process and long-term foreign exchange rates. Changes to the provisional measurements of assets and liabilities acquired 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 mine. 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 was closed in 2016 resulting from the delays in the governmental approval of the transfer of certain mine permits.

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

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

- Revenue recognition

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

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

- 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 year.

- 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 reversal of $0.4 million to adjust inventory to net realizable value (2015 - $1.9 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). Refer to *Note 6: Acquisition and Disposition of Mineral Interests,* for additional details.

- Contingencies

  Refer to *Note 34: 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, 2016. 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* ("IFRS 9") - The Standard provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. It is effective for annual reporting periods beginning January 1, 2018 for public entities. The Company has completed a preliminary assessment of the impact of adopting IFRS 9. Currently, the Company enters into commodity derivatives including forward contracts to manage exposure to fluctuations in metal prices, such as copper in concentrate, to achieve the Company's risk management goals. These derivative contracts are not currently eligible for hedge accounting under IAS 39 *Financial Instruments: Recognition and Measurement*, therefore the changes in fair value are recorded immediately in earnings. Under IFRS 9, the application of hedge accounting is permitted for the hedging of components of a non-financial asset, as in the case of copper in concentrate, allowing the intended offset in cash flows related to changes in fair value of copper in concentrate and changes in fair value of copper derivatives. However, the effect on net earnings by applying IFRS 9 hedge accounting on copper in concentrate is not expected to be significantly different from the current practice due to the short duration of the derivatives entered into by the Company. Application of IFRS 9 on the Company's other financial instruments is not expected to have a significant impact on the Company's financial position nor its results of operations. Quantification of impact is expected by mid-2017.

(b) IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") - The Standard covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. It is effective for annual reporting periods beginning on or after January 1, 2018 for entities. The Company has completed a preliminary assessment of the impact of adopting IFRS 15. The Company generates revenue mainly from selling precious metals and copper through various revenue streams. Typical for the mining industry, each metal sale transaction is stand-alone and without multiple element arrangements. For precious metal, the points in the streams where revenue is recognized are concluded to be essentially the same under IFRS 15 and IAS 18 *Revenue*. Additional analysis of the sales of copper concentrate, which represents approximately 15% of the Company's total revenue, is required to ascertain the point of revenue recognition. Additionally, there is a need to determine whether sales through metals streams contain a significant financing component and a potential variable consideration component. This analysis is planned for early 2017. The Company is currently assessing the two transition methods allowed by the new Standard, namely, the full retrospective method in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* and the modified retrospective method with the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application or other component of equity as appropriate. Quantification of impact is expected by mid-2017.

(c) IFRS 16 *Leases* - The Standard requires lessees to recognize assets and liabilities for most leases. It is effective for annual reporting periods beginning January 1, 2019 for public entities. Early application is permitted for companies that also apply IFRS 15. The Company is assessing the impact on the adoption of this Standard.

(d) IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22") - On December 8, 2016, the IASB issued IFRIC 22, which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The Standard provides guidance on how to determine the date of the transaction for the purpose of determining the spot exchange rate used to translate the asset, expense or income on initial recognition that relates to, and is recognized on the de-recognition of, a non-monetary prepayment asset or a non-monetary deferred income liability. It is effective January 1, 2018. The Company is currently assessing the impact on the adoption of this Standard.

6. ACQUISITION AND DISPOSITION OF MINERAL INTERESTS AND CORPORATE TRANSACTIONS

a) Disposition of 15.4% interest in Brio Gold

On December 23, 2016, the Company closed its offering of purchase rights pursuant to which the Company has transferred common shares ("Brio Gold Shares") of Brio Gold to Yamana shareholders. A total of 17,324,507 Brio Gold Shares owned by the Company were transferred pursuant to the transactions at a price of C$3.25 per share for aggregate proceeds of $40.7 million (C$54.1 million) to the Company. The proceeds, net of transaction costs, were recorded as non-controlling interests in the consolidated statement of changes in equity. As a result of the completion of these transactions, Brio Gold is now a public reporting company with shares listed on the Toronto Stock Exchange. The transaction represents a disposal of Brio Gold Shares to non-controlling interests. The Company continues to be the controlling shareholder of Brio Gold, holding approximately 85% of the issued and outstanding shares.

b) Disposition of Mercedes Mine and Related Exploration Properties

On September 30, 2016, the Company completed the sale to Premier Gold Inc. ("Premier") of its Mexican subsidiaries through which the Mercedes mine and other Mexican assets were held. Pursuant to the transaction, the Company received total consideration of $122.5 million in cash, equity securities and a net smelter return royalty having an additional value of $23.2 million on close of the transaction. The equity securities received include 6 million common shares of Premier and 3 million common share purchase warrants of Premier that are exercisable at C$4.75 per common share for 24 months. The Company also received a 1.0% net smelter return royalty on the Mercedes mine, that becomes payable upon the earlier of six years from the completion of the sale or the date upon which cumulative production of 450,000 ounces of gold equivalent from Mercedes has been achieved, as well as a 2.0% net smelter return royalty on the La Silla property in Sinaloa, Mexico and the La Espera property in Sonora, Mexico. The Company has recognized a loss of $30.9 million on the sale. The December 31, 2015 loss and cash flows have been restated to include this operation as being discontinued in the current period.

The following table summarizes the statement of operations of the Mexican subsidiaries operations:

(In millions of United States Dollars except for shares and per share amounts, unaudited)	*For the year ended December 31,* **2016**	2015
Revenues	**90.6**	104.3
Cost of sales excluding depletion, depreciation and amortization	**(49.8)**	(81.8)
Gross margin excluding depletion, depreciation and amortization	**40.8**	22.5
Depletion, depreciation and amortization	**(7.2)**	(37.9)
Impairment of mining properties	**—**	(559.0)
Mine operating earnings/(loss)	**33.6**	(574.4)
Other expenses	**(14.8)**	(10.1)
Earnings/(loss) before taxes	**18.8**	(584.5)
Attributable income tax recovery	**1.3**	171.6
Net income (loss) from operations	**20.1**	(412.9)
Loss on disposal	**(27.2)**	—
Attributable income tax expense	**(4.6)**	—
Net loss from discontinued operation	**(11.7)**	(412.9)

c) Acquisition of Mineração Riacho dos Machados Ltda ("MRDM")

On February 17, 2016, Brio Gold, a subsidiary of the Company, entered into an Assignment and Assumption Agreement and a Restructuring Agreement pursuant to which it would ultimately acquire all right, title and interests in Mineração Riacho dos Machados Ltda ("MRDM"), a wholly-owned subsidiary of Carpathian Gold Inc. ("Carpathian"), from Macquarie Bank Limited, holder of rights and interests in loan facility extended to MRDM, and Carpathian. MRDM owns and operates the Riacho Dos Machados ("RDM") mine which is an open-pit gold mining operation located in Minas Gerais State, Brazil. RDM increases the production profile of Brio Gold in a mining-friendly jurisdiction expected to increase the sustainable production level, contribute to cash flow and provide mineral reserve growth and a mineral resource base with growth potential.

On April 29, 2016, the Company closed on the restructuring procedures and concurrently attained control of MRDM for approximately $53.9 million in total cash consideration, excluding acquisition related costs of $3.5 million which have been recognized as an expense and included in other expenses in the Consolidated Statements of Operations for the period ended December 31, 2016.

The Company has recognized its interest in the assets, liabilities, revenues and expenses of MRDM in accordance with the Company's rights and obligations prescribed by the transaction, as a business combination, in accordance with IFRS 3, *Business Combinations*.

Total consideration paid by the Company was as follows:

Cash	**$**	**53.9**

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

		Preliminary
Cash	$	0.3
Net working capital acquired *(i)*		2.3
Property, plant and equipment (including mineral interests)		57.4
Non-current liabilities		(6.1)
Net identifiable assets	**$**	**53.9**

(i) Included in net working capital acquired are accounts receivables of $2.6 million at fair value which were collected subsequent to closing of the MRDM acquisition.

MRDM's revenues and net losses are $39.3 million and $6.2 million, respectively, for the year ended December 31, 2016 since the acquisition date. Revenues and net losses for the Company would have been $1.81 billion and $289.2 million, respectively, for year ended December 31, 2016, if the acquisition had taken place on January 1, 2016.

d) 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 totaling $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 value assigned to the assets acquired and liabilities assumed were based upon the fair value of consideration given. Transaction costs were capitalized in accordance with the Company's accounting 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 assigned value of the 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**

e) Disposition of Ernesto Pau-a-Pique

During the fourth quarter of 2014, the Company formalized its decision to divest Ernesto Pau-a-Pique mine 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 in the governmental approval of the transfer of certain mine permits, the sale was closed in 2016.

7. COST OF SALES EXCLUDING DEPLETION, DEPRECIATION AND AMORTIZATION

For the years ended December 31,		**2016**		2015
Contractors and services	**$**	**263.1**	$	295.7
Employee compensation and benefits expenses *(Note 8)*		**247.2**		211.7
Repairs and maintenance		**123.9**		122.3
Power		**72.8**		63.1
Materials and supplies		**262.4**		291.9
Change in inventories, impact of foreign currency, royalties and other		**59.6**		30.4
Cost of sales excluding depletion, depreciation and amortization	**$**	**1,029.0**	$	1,015.1

8. EMPLOYEE COMPENSATION AND BENEFIT EXPENSES

For the years ended December 31,		**2016**		2015
Wages and salaries	**$**	**229.9**	$	225.9
Social security, pension and government-mandated programs *(i)*		**90.2**		110.2
Other benefits *(ii)*		**14.3**		24.4
Total employee compensation and benefits expenses	**$**	**334.4**	$	360.5
Less: expensed within general and administrative expenses		**(51.5)**		(84.5)
Less: expensed within exploration and evaluation expenses		**(14.4)**		(20.0)
Less: capitalized to property, plant and equipment		**(21.3)**		(44.3)
Employee compensation and benefit expenses included in Cost of sales *(Note 7)*	**$**	**247.2**	$	211.7

(i) Included in this item are defined contribution pension plans for all full-time qualifying employees of the Company. Contributions by the Company are based on a contribution percentage using the annual salary as the base and are made on a quarterly basis or as otherwise determined by the Company. The assets of the plans are held separately from those of the Company and are managed by independent plan administrators. The total expense recognized in the consolidated statement of operations of $3.7 million (2015 - $7.6 million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans. As at December 31, 2016, contributions of $5.4 million due in respect of the 2016 reporting period (2015 - $7.7 million) had not been paid over to the plans but were paid subsequent to the end of the year.

(ii) Included in Other benefits are share-based payment transactions as discussed in Note 29: Share-Based Payments.

9. OTHER EXPENSES

For the years ended December 31,		**2016**		2015
Change in provisions	**$**	**11.0**	$	28.7
Write-down of other assets *(i)*		**20.0**		41.8
Business transaction costs		**8.5**		(1.8)
Gain on sale of assets		**(4.9)**		(2.3)
Mark-to-market loss/(gain) on deferred share units		**3.1**		(5.3)
Mark-to-market gain on warrants		**(16.0)**		(13.2)
Legal expense		**4.1**		4.5
Reorganization costs		**0.6**		6.6
Other expenses/losses		**13.3**		10.6
Other expenses	**$**	**39.7**	$	69.6

(i) During 2014 and into 2015, the Company performed a comprehensive fixed asset verification count which resulted in a $31.7 million write-off in property, plant and equipment recorded as an expense during the year ended December 31, 2015.

10. FINANCE INCOME AND EXPENSE

For the years ended December 31,		2016	2015
Interest income	$	**1.5** $	2.3
Mark-to-market on convertible debt		**—**	4.6
Unrealized gain on derivative		**0.1**	2.2
Net foreign exchange gain		**—**	25.2
Finance income	**$**	**1.6** $	34.3
Unwinding of discounts on provisions	$	**(15.4)**$	(16.5)
Interest expense on long-term debt		**(79.5)**	(87.9)
Realized loss on derivative		**—**	(19.8)
Net foreign exchange loss		**(33.7)**	—
Amortization of deferred financing, bank, financing fees and other		**(15.2)**	(22.7)
Finance expense	**$**	**(143.8)**$	(146.9)
Net finance expense	**$**	**(142.2)**$	(112.6)

11. IMPAIRMENTS AND IMPAIRMENT REVERSALS

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. In addition, on each reporting date the Company assesses whether there is an indication that a previously taken impairment should be reversed. 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, 2016, the Company recorded impairment charges and impairment reversals on non-current assets totalling $615.1 million, as follows:

		2016			2015	
		Total Impairment	**Net Book Value - as at Dec. 31, 2016***(i)*		Total Impairment	Net Book Value - as at Dec. 31, 2015
El Peñón	$	**(600.4)** $	**763.6**	$	(544.0) $	1,413.5
Brio Gold		**(14.7)**	**479.6**		(91.8)	440.2
Gualcamayo		**—**	**—**		(572.0)	435.7
Argentina - Exploration properties and other		**—**	**—**		(510.2)	544.8
Minera Florida		**—**	**—**		(269.0)	377.9
Alumbrera		**—**	**—**		(49.1)	—
Total mineral property impairments	**$**	**(615.1)**		**$**	**(2,036.1)**	
Total mineral property impairments for operating mines	**$**	**(711.3)**		**$**	**(1,469.0)**	
Total mineral property (impairment)/reversal for non-operating mines	**$**	**96.2**		**$**	**(567.1)**	

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

During the fourth quarter, the Company performed its annual assessment of indication of impairment, compiling details from external and internal sources of information and noted that with the exception of El Peñón and certain Brio Gold operations, there were no indicators of impairment or impairment reversal noted as of December 31, 2016.

For El Peñón, the Company determined a sustainable, longer term optimal production level for the mine that takes into account mineral reserves, conversion of mineral resources, recent production and capital expenditure levels, as well as the more recent narrow vein discoveries. The exploration results over the year resulted in the Company reassessing its interpretation of geological potential. The outcome of the evaluation envisages a mine with a production expectation for 2017 of 140,000 ounces of gold and 4,150,000 ounces of silver, which is expected to remain consistent through the guidance period. This mine plan would support and optimize the level of exploration drilling, mine development, capital expenditure and cash flow generation of the site, while providing a sustainable platform for potential future increases of production and extension of the mine life. In particular, the optimizations being carried out focus on the delineation drilling of narrow vein discoveries and the implementation of changes and improvements to the narrow vein mining techniques, and aim to enhance the overall margin generation of these veins. The reduced annual production compared with the historical running rate of the mine, and a modification in the interpretation of the geological potential from exploration, both reduced the overall contained modeled metal, and extended the timeline required to recover it, all of which impacted the recoverable value of the cash generating unit ("CGU") and resulted in an impairment of $600.4 million ($381.6 million after-tax).

In respect to Brio Gold, a net impairment of $14.7 million (recovery of $1.7 million after-tax) was taken in 2016. Modifications to the mining plans at Pilar resulted in an impairment of $110.9 million which was offset by a reversal of the previous impairment at C1 Santa Luz. The reversal of $96.2 million was predominantly due to the decision to recommission the mine following a positive technical report, which included the reclassification of mineral resources into mineral reserves, as their ability to be mined profitably was demonstrated, as well as confirmation of improved gold recoveries.

In the context of the current metal price trends, the Company noted that prior year assumptions of long term gold price of $1,250 per ounce of gold continue to be supportable and are within the range of acceptable assumptions based on objective independent data. Macro-economic factors were supportive of the Company maintaining its metal price parameters used in the prior year. Additionally, exploration potential and land interest multiples of exploration concessions are also within the supportable range, hence, no revisions were deemed necessary.

The Company performed the impairment test for El Peñón, and Brio Gold performed an impairment test for its operations based on updated life of mine after-tax cash flow projections which were revised for 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 and mineral resources, value of land holdings, as well as other factors, which are determinants of commercial viability of each mining property in its portfolio.

Consistent with its accounting 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 had been recognized in the past. As at December 31, 2016, 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 with the exception of one of Brio Gold's operations.

The Company continues to consider, on a regular basis, whether other indicators exist that suggest that the carrying values of its assets are impaired for accounting purposes. While the market capitalization relative to the carrying value of the Company's assets is reviewed on a regular basis, it is not considered as the sole indicator of impairment. Given recent strategic developments the Company has achieved, and the volatility of the market reflecting the current economic sentiment, using the current share price as a sole determinant of fair value is not reasonable; however the Company monitors the magnitude of the gap between the Company market capitalization and the asset carrying values. Although the Company's market capitalization as at December 31, 2016 is below the carrying value of the net assets, based on the impairment assessments, the Company has determined that only the impairments recognized in the year ended December 31, 2016 are required. The Company believes that its share price does not impact the Company's ability to generate cash flows from its assets which support the net book values on a discounted cash flow basis.

Impairment Testing: Key Assumptions 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 (2015 - $1,250 per ounce), $18.75 per ounce (2015 - $18.75 per ounce) and $2.85 per pound (2015- $2.85 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 12.0% (2015: 4.75% and 8%) 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, 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
El Peñón	$ 23.3	$ 15.1
Brio Gold	$ 12.4	$ 6.8

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,		2016		2015
Current tax expense/(recovery)				
Current tax expense in respect of the current year	$	**17.2**	$	90.4
Adjustment for prior periods		**4.8**		(3.2)
Impact of foreign exchange		**0.2**		4.8
Penalties and interest		**(0.4)**		(0.2)
	$	**21.8**	$	91.8
Deferred tax (recovery)/expense				
Deferred tax recovery recognized in the current year	$	**(337.7)**	$	(754.8)
Adjustment for prior periods		**11.1**		(10.6)
Impact of foreign exchange		**(20.1)**		197.3
	$	**(346.7)**	$	(568.1)
Total income tax recovery	$	**(324.9)**	$	(476.3)

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,		2016		2015
Loss before income taxes	$	**(615.7)**	$	(2,163.0)
Canadian statutory tax rate (%)		**26.5%**		26.5%
Expected income tax recovery		**(163.2)**		(573.2)
Impact of higher foreign tax rates *(i), (iii)*		**(97.7)**		(85.6)
Impact of change in enacted tax rates *(ii)*		**(18.7)**		(9.4)
Interest and penalties		**(0.3)**		(0.2)
Permanent differences		**(22.0)**		8.1
Unused tax losses and tax offsets not recognized in deferred tax assets		**(46.7)**		190.9
Tax effects of translation in foreign operations		**42.8**		(239.8)
True-up of tax provisions in respect of prior years		**15.9**		(13.8)
Withholding taxes		**7.5**		14.6
Unrealized foreign exchange		**(20.0)**		202.1
Mining taxes on profit		**18.6**		22.4
Planned distribution of foreign earnings of the company		**(40.7)**		8.2
Other		**(0.4)**		(0.6)
Income tax expense	$	**(324.9)**	$	(476.3)
Income tax expense/(recovery) is represented by:				
Current income tax expense	$	**21.8**	$	91.8
Deferred income tax recovery		**(346.7)**		(568.1)
Net income tax recovery	$	**(324.9)**	$	(476.3)

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

(ii) In November 2016, the Quebec government enacted changes to the income tax rate as proposed in the 2015 provincial budget. Beginning in 2017, the provincial rate will decrease by 0.1% over the next 4 years with the current rate deceasing from 11.9% to 11.5% in 2020.

(iii) In November 2016, Jacobina was granted a tax incentive for 10 years, which will allow it to reduce its statutory tax rate from 34% to 15.25% on mining profits.

(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,		**2016**	2015
The net deferred income tax assets (liabilities) are classified as follows:			
Deferred income tax assets	$	**116.7** $	88.6
Deferred income tax liabilities		**(1,511.4)**	(1,837.8)
	$	**(1,394.7)**$	(1,749.2)

For the year ended December 31, 2016		Opening balance	Acquisitions	Recognized in profit or loss	Recognized in other compre-hensive income	Assets held for sale	Closing balance
Deductible temporary differences	$	**63.0** $	**—** $	**4.3** $	**—** $	**—** $	**67.3**
Amounts related to tax losses		**91.4**	**—**	**(14.7)**	**—**	**—**	**76.7**
Financing costs		**0.8**	**—**	**23.0**	**—**	**—**	**23.8**
Decommissioning, restoration and similar liabilities		**23.1**	**—**	**(7.1)**	**—**	**—**	**16.0**
Derivative liability		**0.8**	**—**	**0.2**	**(1.0)**	**—**	**—**
Property, plant and equipment		**(1,572.7)**	**—**	**(14.1)**	**—**	**8.8**	**(1,578.0)**
Unrealized foreign exchange losses		**(384.4)**	**—**	**379.8**	**—**	**—**	**(4.6)**
Available-for-sale securities		**—**	**—**	**—**	**—**	**—**	**—**
Other		**28.8**	**—**	**(24.7)**	**—**	**—**	**4.1**
Net deferred income tax liabilities	**$**	**(1,749.2)$**	**— $**	**346.7 $**	**(1.0)$**	**8.8 $**	**(1,394.7)**

For the year ended December 31, 2015		Opening balance	Acquisitions	Recognized in profit or loss	Recognized in other compre-hensive 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	701.3	—	172.8	(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 $	568.1 $	(9.0)$	172.8 $	(1,749.2)

A deferred tax asset in the amount of $46.5 million (2015 - $40.9 million) has been recorded in Canada. The deferred tax asset consists mainly of unused tax losses which arose primarily from financing costs and general and administrative expenses. Projections of taxable profits from various sources were used to support the recognition of a portion of the losses. The future projected income could be affected by metal prices and quantities of proven and probable reserves. If these factors or other circumstances change, we would reassess our ability to record the deferred 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,		**2016**	2015
Deductible temporary differences (no expiry)	**$**	**125.8** $	104.2
Tax losses		**513.6**	410.6
	$	**639.4** $	514.8

Loss carry forwards at December 31, 2016 will expire as follows:

		Canada	**U.S.**	**Brazil**	**Chile**	**Argentina**	**Other**	**Total**
2017	$	— $	6.0 $	— $	— $	1.5 $	— **$**	**7.5**
2018		—	1.6	—	—	—	1.1	**2.7**
2019		—	9.8	—	—	—	—	**9.8**
2020		—	5.6	—	—	—	1.6	**7.2**
2021		—	16.8	—	—	2.4	1.4	**20.6**
2022 and onwards		515.6	185.3	—	—	—	26.9	**727.8**
Unlimited		961.8	—	430.7	23.1	—	264.8	**1,680.4**
	$	**1,477.4 $**	**225.1 $**	**430.7 $**	**23.1 $**	**3.9 $**	**295.8 $**	**2,456.0**

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

As at December 31, 2016, an aggregate temporary difference of $3.0 billion (2015 - $2.8 billion) related to investments in subsidiaries was not recognized because the Company controls the reversal of the liability and it is expected that it will not reverse in the foreseeable future.

13. LOSS PER SHARE

Loss per share is 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,		**2016**		2015
Weighted average number of common shares (in thousands) - basic		**947,443**		936,606
Weighted average number of dilutive stock options *(i)*		**—**		—
Weighted average number of dilutive Restricted Share Units *(i)*		**—**		—
Weighted average number of common shares (in thousands) - diluted *(i)*		**947,443**		936,606
Net Loss from Continuing Operations - basic and diluted				
Net loss from continuing operations	**$**	**(290.8)**	$	(1,686.7)
Loss from continuing operations - basic and diluted	**$**	**(0.31)**	$	(1.80)
Net Loss Attributable to Yamana Equity Holders - basic and diluted				
Net loss	**$**	**(307.9)**	$	(2,114.8)
Loss per share - basic and diluted	**$**	**(0.32)**	$	(2.26)
Net Loss - basic and diluted				
Net Loss	**$**	**(308.3)**	$	(2,114.8)
Loss per share - basic and diluted	**$**	**(0.33)**	$	(2.26)

(i) Effect of dilutive securities - the potential shares attributable to 1,004 stock options (2015 - 954 stock options) and 452,837 restricted share units (2015 - 403,727 restrictive share units) were anti-dilutive for the year ended December 31, 2016.

14. OTHER COMPREHENSIVE INCOME AND RESERVES

(a) Accumulated Other Comprehensive Income

For the years ended December 31,		**2016**		2015
Net change in unrealized gains on available-for-sale securities:				
Change in fair value	**$**	**(3.1)**	$	(0.5)
Reclassification of losses recorded in earnings		**—**		0.2
	$	**(3.1)**	$	(0.3)
Net change in fair value of hedging instruments				
Increase in fair value of hedging instruments	**$**	**6.3**	$	44.1
Decrease in fair value of hedging instruments		**(7.9)**		(6.3)
Reclassification of losses recorded in earnings		**2.8**		(3.9)
Tax impact		**(1.0)**		(9.0)
	$	**0.2**	$	24.9
Re-measurement of employee benefit plan	**$**	**(1.4)**	$	0.1
Accumulated other comprehensive income/(loss) attributable to equity shareholders	**$**	**(4.3)**	$	24.7

(b) Reserves

	2016	2015
Equity reserve		
Balance, beginning of year	**$ 20.1**	$ 23.3
Exercise of stock options and share appreciation	**0.5**	—
Transfer of restricted share units to share capital on vesting	**(4.5)**	(13.7)
Issue of restricted share units	**1.7**	10.2
Share cancellation net of accumulated dividends received (*Note 28*)	**—**	0.3
Balance, end of year	**$ 17.8**	$ 20.1
Hedging reserve *(i)*		
Balance, beginning of year	**$ —**	$ (24.9)
Net change in fair value of hedging instruments	**(2.6)**	28.8
Reclassification of losses to earnings	**2.8**	(3.9)
Balance, end of year	**$ 0.2**	$ —
Available-for-sale reserve *(ii)*		
Balance, beginning of year	**$ (0.4)**	$ (0.1)
Change in fair value of available-for-sale securities	**(3.1)**	(0.5)
Reclassification of losses to earnings	**—**	0.2
Balance, end of year	**$ (3.5)**	$ (0.4)
Other reserve		
Balance, beginning of year	**$ (1.1)**	$ (1.2)
Re-measurement of employee benefit plan *(iii)*	**(1.4)**	0.1
Balance, end of year	**$ (2.5)**	$ (1.1)
Total reserve balance, end of year	**$ 12.0**	$ 18.6

(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,	2016	2015
Interest capitalized to assets under construction	**$ 6.5**	$ 6.4
Non-cash land purchase agreement	**$ 21.2**	$ —
Issue of common shares on acquisition of mineral interests	**$ —**	$ 36.4
Issue of common shares on vesting of restricted share units *(Note 28)*	**$ 4.5**	$ 13.7

(b) Net Change in Working Capital

For the year ended December 31,		**2016**		2015
Net decrease/(increase) in:				
Trade and other receivables	**$**	**21.1**	$	7.6
Inventories		**11.0**		(3.9)
Other assets		**(2.0)**		4.5
Net (decrease)/increase in:				
Trade payable and other payables		**20.8**		(65.3)
Other liabilities		**(7.8)**		(54.4)
Movement in above related to foreign exchange		**(17.8)**		(29.3)
Net change in working capital *(i)*	**$**	**25.3**	$	(140.8)

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

(c) Cash and Cash Equivalents

		2016		2015
Cash at bank	**$**	**96.2**	$	116.3
Bank short-term deposits		**1.2**		3.6
Total cash and cash equivalents of continuing operations *(i)*	**$**	**97.4**	$	119.9

(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.

(d) Other Non-Cash Expenses

For the year ended December 31,		**2016**		2015
Legal expense	**$**	**11.7**	$	28.9
Provision on indirect taxes		**6.1**		(9.1)
Revaluation of employees' pension plan		**6.7**		5.9
(Recovery)/ write off of assets		**(6.1)**		45.0
Others		**18.3**		19.4
Total non-cash expenses	**$**	**36.7**	$	90.1

16. FINANCIAL INSTRUMENTS

(a) Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, trade and other receivables, advances, investments in financial securities, trade and other payables, long-term debt and derivative assets (liabilities). The carrying values of cash and cash equivalents, trade and other receivables, advances, 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, 2016, the debt has a carrying value of $1.59 billion (December 31, 2015 — $1.8 billion), which is comprised of a revolving facility, senior debt notes and assumed debt with fair values of $116.2 million, $1.46 billion and $20.3 million, respectively (December 31, 2015 — $185.7 million, $1.54

billion and $42.2 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, 2016, 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:

As at December 31, 2016	Level 1 Input	Level 2 Input	Level 3 Input	Aggregate Fair Value
Assets:				
Available-for-sale securities *(Note 19)*	**$ 18.7**	**$ —**	**$ —**	**$ 18.7**
Warrants *(Note 19)*	**—**	**3.4**	**—**	**3.4**
Derivative related assets *(Note 19)*	**—**	**4.9**	**—**	**4.9**
	$ 18.7	**$ 8.3**	**$ —**	**$ 27.0**

As at December 31, 2015	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

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.

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,		**2016**		2015
Currency contracts				
Forward contracts	**$**	**3.3**	$	—
Commodity contracts				
Forward contracts	**$**	**1.6**	$	3.8
Total derivative related assets		**4.9**		3.8
Less: Current portion		**(4.9)**		(3.8)
Non-current portion	**$**	**—**	$	—

The following table summarizes unrealized derivative gains (losses):

For the year ended December 31,		**2016**		2015
Currency contracts	**$**	**2.3**	$	—
Commodity contracts		**(2.2)**		3.8
	$	**0.1**	$	3.8

The following table summarizes realized derivative gains (losses):

For the year ended December 31,		**2016**		2015
Commodity contracts	**$**	**(6.8)**	$	39.3
Currency contracts		**2.8**		3.9
	$	**(4.0)**	$	43.2

Included in cost of sales excluding depletion, depreciation and amortization, are realized gains in the amount of $2.8 million for the year ended December 31, 2016 (2015 — $29.7 million realized losses) with respect to currency derivative contracts.

The hedging reserve net balance as at December 31, 2016 is positive $0.2 million (December 31, 2015 — $*nil*). The total cash flow currency hedge gains in OCI (*Note 14*) for the year ended December 31, 2016 is loss of $1.2 million (December 31, 2015 — *gain* $28.8 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, 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 the aforementioned currencies, as at December 31, 2015, the Company temporarily halted its currency hedging program. To limit the variability in the Company's expected operating expenses denominated in Brazilian Reais, the Company restarted its hedging program in May 2016. It has entered into zero-cost collar contracts totaling $510 million Reais with purchase of call options at an average strike price of 3.40 Reais per USD and sale of put options at an average strike price of 4.13 Reais per USD. The term of the cash flow hedge is from May 2016 to April 2017. As at December 31, 2016 the Company had zero-cost collar contracts totaling 170.0 million Reais equally split by month covering January 2017 to April 2017 with Brazilian Real to United States Dollar average call and put strikes of 3.40 and 4.13 respectively.

In October 2016, the Company entered into an additional zero-cost collar contracts totaling $400.0 million Reais with the purchase of call options at an average strike price of 3.25 Reais per USD and sale of put options at an average strike price of 3.79 Reais per USD. The term of the cash flow hedge is from May 2017 to December 2017 and provides the Company with approximately 66% hedge over the expected operating costs over the period.

In November 2016, Brio Gold entered into zero-cost collar contracts totaling $672.0 million Reais with the purchase of call options at an average strike price of 3.30 Reais per USD and sale of put options at an average strike price of 3.90 Reais per USD. The term of the cash flow hedge is from January 2017 to December 2018. In addition, Brio Gold entered into currency forward contracts of $672.0 million Reais at an average rate of 3.55 Reais to the USD. The term of the cash flow hedge is from January 2017 to December 2018 and provides Brio Gold with approximately 60% hedge over the expected operating and capital expenditure costs over the period.

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.

	2016		2015	
(On 10% change in United States Dollars exchange rate)	**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
Brazilian Reais	**$ 3.7**	**$ 0.1**	$ 7.6	$ —
Argentine Peso	**$ 1.1**	**$ —**	$ 0.2	$ —
Canadian Dollar	**$ 7.3**	**$ —**	$ 7.1	$ —
Chilean Peso	**$ 6.6**	**$ —**	$ 5.3	$ —

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, 2016 the Company had $31.7 million (December 31, 2015 — $30.6 million) in receivables relating to provisionally priced concentrate sales. For year ended December 31, 2016, the Company had unrecognized gains of $9.1 million (2015 — $1.8 million gain) on receivables relating to provisionally priced concentrate sales.

As at December 31, 2016, the Company has outstanding contracts whereby 23.4 million pounds of copper was purchased at a price of $2.58 per pound. The Company periodically uses forward contracts to economically hedge against the risk of declining copper prices for a portion of its forecast copper concentrate sales.

The Company's balance sheet exposure to commodity prices 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	**$**	**2.1**
Copper in concentrate	**$**	**1.7**
Silver in concentrate	**$**	**0.1**

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

iii. Interest Rate Risk

As at December 31, 2016, 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, 2016.

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,		**2016**	2015
Cash and cash equivalents	**$**	**97.4** $	119.9
Trade and other receivables		**36.6**	45.9
Derivative related assets *(Note 19)*		**4.9**	3.8
Long-term tax credits *(Note 20)*		**73.6**	68.0
	$	**212.5** $	237.6

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 31*. Contractual maturities relating to contractual commitments are included in *Note 33* and relating to long-term debt is included in *Note 26.*

As at December 31,			**2016**			2015
	Within 1 year	**2 - 3 years**	**4 - 5 years**	**Over 5 years**	**Total**	Total
Accounts payable and accrued liabilities	**$ 340.0 $**	**— $**	**— $**	**— $**	**340.0** $	316.1
Debt repayments	**18.6**	**293.4**	**205.0**	**1,087.3**	**1,604.3**	1,788.0
Interest payments on debt	**78.8**	**140.6**	**108.5**	**98.7**	**426.6**	510.2
Reclamation and closure cost obligations *(i)*	**14.4**	**20.3**	**32.9**	**665.3**	**732.9**	520.2
	$ 451.8 $	**454.3 $**	**346.4 $**	**1,851.3 $**	**3,103.8** $	3,134.5

(i) Undiscounted inflated amount of future reclamation and closure cost obligations.

17. TRADE AND OTHER RECEIVABLES

As at December 31,		**2016**	2015
Trade receivable *(i)*	**$**	**35.1** $	42.5
Other receivables		**1.5**	3.4
Trade and other receivables	**$**	**36.6** $	45.9

(i) The average credit period for gold and silver 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,		**2016**		2015
Product inventories	**$**	**51.2**	$	52.4
Metal in circuit and gold in process		**60.2**		70.0
Ore stockpiles		**36.3**		34.1
Materials and supplies		**106.4**		113.5
	$	**254.1**	$	270.0

The amount of inventories recognized as an expense during the year ended December 31, 2016 was $1.03 billion (2015 - $1.02 billion) and is included in cost of sales. For the year ended December 31, 2016, a total recovery of $(0.4) million was recorded to adjust inventory to net realizable value (2015 - $1.9 million) which is included in cost of sales.

19. OTHER FINANCIAL ASSETS

As at December 31,		**2016**		2015
Income tax recoverable and installments	**$**	**20.4**	$	34.8
Tax credits recoverable *(i)*		**43.2**		64.6
Derivative related asset *(Note 16(a))*		**4.9**		3.8
Restricted cash		**1.0**		1.0
Investments in financial securities *(ii)*		**22.1**		20.6
Other		**20.4**		4.8
	$	**112.0**	$	129.6
Current	**$**	**75.5**	$	102.3
Non-current		**36.5**		27.3
	$	**112.0**	$	129.6

(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) Investments in financial securities includes available-for-sale (“AFS”) securities and warrants with a cost of $39.3 million (2015 - $35.1 million) and a fair value of $22.1 million (2015 - $20.6 million). Pursuant to the sale of the Mercedes mine to Premier Gold Inc., the Company received 6,000,000 common shares of Premier Gold Inc. and 3,000,000 common share purchase warrants that are exercisable at C$4.75 per common share for the next 24 months. During the year, the Company received common shares of Aura Minerals Inc. as consideration for the sale of Ernesto Pau-a-Pique ("EPP"). The Company's total ownership in Premier Gold and Aura Minerals does not represent a significant interest, thus, the Company does not have control or significant influence over Premier Gold or Aura Minerals. AFS securities 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 cost, 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. During the year, the Company also sold of its Warrants held in Sandstorm for $33.6 million cash. The warrants were originally issued by Sandstorm to Yamana as part of the consideration for certain metal purchase arrangements relating to copper and silver entered into with Sandstorm in 2015.

20. OTHER ASSETS

As at December 31,		**2016**		2015
Tax credits recoverable *(i)*	**$**	**73.6**	$	68.0
Advances and deposits		**50.5**		67.8
Other long-term advances		**13.5**		12.3
	$	**137.6**	$	148.1
Current	**$**	**88.8**	$	93.1
Non-current		**48.8**		55.0
	$	**137.6**	$	148.1

(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, 2015	$	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 $**	**14,871.4**
Additions		209.4	240.2	96.1	545.7
Reclassification, transfers and other non-cash movements (iii)		421.8	(435.2)	42.9	29.5
Change in decommissioning, restoration & similar liabilities		36.6	—	—	36.6
Disposals		(329.9)	(369.7)	(196.0)	(895.6)
Cost, December 31, 2016	**$**	**5,860.4 $**	**5,982.0 $**	**2,745.2 $**	**14,587.6**
Accumulated depreciation, January 1, 2015	$	1,692.2 $	968.8 $	1,004.0 $	3,665.0
Depreciation for the period		310.6	7.4	209.1	527.1
Impairment		1,207.0	1,339.2	—	2,546.2
Reclassification, transfers and other non-cash movements		1.5	(36.7)	35.2	—
Disposals		—	(2.9)	(72.7)	(75.6)
Accumulated depreciation, December 31, 2015	**$**	**3,211.3 $**	**2,275.8 $**	**1,175.6 $**	**6,662.70**
Depreciation for the period		261.8	—	215.3	477.1
Impairment (iv)		426.8	101.1	87.2	615.1
Reclassification, transfers and other non-cash movements		(0.5)	—	—	(0.5)
Disposals		(330.0)	(295.7)	(107.4)	(733.1)
Accumulated depreciation, December 31, 2016	**$**	**3,569.4 $**	**2,081.2 $**	**1,370.7 $**	**7,021.3**
Carrying value, December 31, 2015	$	2,311.2 $	4,270.9 $	1,626.6 $	8,208.7
Carrying value, December 31, 2016	**$**	**2,291.0 $**	**3,900.8 $**	**1,374.5 $**	**7,566.3**

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

As at December 31,		**2016**	2015
Balance, beginning of year	**$**	**238.3** $	252.3
Additions		**88.7**	48.5
Amortization		**(25.1)**	(19.2)
Impairment		**—**	(43.3)
Balance, end of year	**$**	**301.9** $	238.3

(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,		**2016**	2015
Projects with mineral reserves	**$**	**2,346.1** $	2,103.6
Exploration potential		**1,465.1**	2,137.1
Mines under construction		**89.6**	30.2
Total	**$**	**3,900.8** $	4,270.9

(iii) Reclassification, transfers and other non-cash movements includes $6.2 million (2015 - $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 $615.1 million on certain mineral interests (2015 - $2.55 billion). Refer to Note 11: Impairments for additional details.

22. GOODWILL AND INTANGIBLES

		Goodwill *(i)*	Other intangibles *(ii)*	Total
Cost, January 1, 2015	$	427.7 $	77.5 $	505.2
Additions		—	1.5	1.5
Cost, December 31, 2015	$	427.7 $	79.0 $	506.7
Cost, December 31, 2016	**$**	**427.7 $**	**79.0 $**	**506.7**
Accumulated amortization and impairment, January 1, 2015	$	— $	(11.9)$	(11.9)
Amortization		—	(5.3)	(5.3)
Accumulated depreciation and impairment, December 31, 2015	$	— $	(17.2)$	(17.2)
Amortization		—	(8.5)	(8.5)
Accumulated depreciation and impairment, December 31, 2016	**$**	**— $**	**(25.7)$**	**(25.7)**
Carrying value, December 31, 2015	$	427.7 $	61.8 $	489.5
Carrying value, December 31, 2016	**$**	**427.7 $**	**53.3 $**	**481.0**

(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. Goodwill of $427.7 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.

23. TRADE AND OTHER PAYABLES

As at December 31,		**2016**	2015
Trade payables *(i)*	**$**	**228.7** $	203.1
Other payables		**111.3**	113.0
	$	**340.0** $	316.1

(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.

24. OTHER FINANCIAL LIABILITIES

As at December 31,		**2016**	2015
Other taxes payable	$	**20.7** $	17.0
Royalty payable *(i)*		**16.1**	21.3
Payable related to purchase of mineral interests *(ii)*		**21.2**	—
Severance accrual		**33.2**	27.0
Deferred Share Units/Performance Share Units liability *(Note 29(b) and 29(d))*		**16.9**	12.3
Accounts receivable financing credit *(iii)*		**40.4**	40.0
Current portion of long-term debt *(Note 26)*		**18.6**	97.0
Other		**5.0**	12.1
	$	**172.1** $	226.7
Current	$	**95.2** $	166.1
Non-current		**76.9**	60.6
	$	**172.1** $	226.7

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

(ii) Payable related to purchase of the remaining interests in Agua Fria.

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

25. OTHER PROVISIONS AND LIABILITIES

As at December 31,		**2016**	2015
Provision for repatriation taxes payable *(i)*	$	**13.1** $	70.3
Provision for taxes		**25.8**	15.3
Deferred revenue on metal agreements - Altius (*ii*)		**59.8**	—
Deferred revenue on metal agreements - Sandstorm (*iii*)		**164.8**	170.4
Other provisions and liabilities *(iv)*		**133.9**	110.8
	$	**397.4** $	366.8
Current	$	**35.1** $	18.1
Non-current		**362.3**	348.7
	$	**397.4** $	366.8

(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 $13.1 million (December 31, 2015 - $70.3 million) have been accrued on the assumption that the profits will be repatriated.

(ii) On March 31, 2016, the Company entered into a copper purchase agreement with Altius Minerals Corporation ("Altius") (the "Copper Purchase Agreement"), pursuant to which Altius paid the Company total advanced payments of $60 million in cash consideration plus 400,000 Altius warrants valued at $1.1 million. The Copper Purchase Agreement provides Altius with the right to receive deliveries of copper referenced to production from the Company's Chapada mine in Brazil. The advanced payments and warrant consideration have been 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 Altius. Movement of deferred revenue of $1.3 million for the year is related to the amortization of deferred revenue on metal delivery.

The following table summarizes the changes in deferred revenue:

As at December 31,		**2016**
Initial balance of deferred revenue	$	61.1
Recognition of revenue during the year		(1.3)
	$	**59.8**
Current portion	$	4.9
Non-current portion		54.9
Balance as at December 31, 2016	**$**	**59.8**

(iii) Deferred revenue on metal agreements include the proceeds received from three metal agreements signed with Sandstorm Gold Ltd. ("Sandstorm") on October 27th, 2015. Sandstorm paid the Company total cash of $152 million and issued the Company 15 million common share purchase warrants (valued at $18.4 million at inception) with a five year term and strike price of $3.50. 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. Movement of deferred revenue of $5.6 million for the year is related to the amortization of deferred revenue on metal delivery.

The following table summarizes the changes in deferred revenue:

As at December 31,		**2016**
Initial balance of deferred revenue	$	170.4
Recognition of revenue during the year		(5.6)
	$	**164.8**
Current portion	$	10.7
Non-current portion		154.1
Balance as at December 31, 2016	**$**	**164.8**

(iv) Other provisions and liabilities include provisions relating to legal proceedings, silicosis and other provisions to settle other legal 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. In 2004, a former director of Northern Orion (now named 0805346 B.C. Ltd.), currently a wholly owned subsidiary of Yamana 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 judgement rejecting the claim. The plaintiff appealed this judgement 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. The Company succeeded in having the assessment order annulled. A new valuator was appointed and an "arbitral report" was rendered on September 13, 2016. Such report provides a suggestion of value at $54.2 million. While this represents a significant improvement over the original annulled award, of $244 million, the amount suggested by the valuator continues to be well in excess of the amount Northern Orion considers reflective of the claim. Northern Orion determined that there were several flaws in this latest report and an application was made to annul the report. On December 20, 2016, the report was annulled on the grounds that it did not follow the instructions of the May 22, 2013 judgment of the National Commercial Court of Appeals. Northern Orion will continue to consider all its legal options to defend its interests.

26. LONG-TERM DEBT

As at December 31,		**2016**		2015
$500 million senior debt notes *(a)*	**$**	**495.6**	$	495.0
$300 million senior debt notes *(b)*		**294.9**		298.4
$500 million senior debt notes *(c)*		**484.1**		497.7
$270 million senior debt notes *(d)*		**181.3**		254.7
$1 billion revolving facility *(e)*		**116.2**		185.7
Long-term debt from 50% interest of Canadian Malartic (*Note 6) and (Note 26(f))*		**20.3**		42.2
Total debt	**$**	**1,592.4**	$	1,773.7
Less: current portion of long-term debt *(Note 24)*		**(18.6)**		(97.0)
Long-term debt *(i)*	**$**	**1,573.8**	$	1,676.7

(i) Balances are net of transaction costs of $11.9 million, net of amortization (December 31, 2015 - $14.3 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.
- During the year, the Company repaid $3.8 million of the debt.

(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.
- During the year, the Company repaid $13.6 million of the debt.

(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% fully repaid on 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, 2016:

- The credit facility is unsecured and has a maturity date of September 30, 2021.

- 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 $300.0 million from the revolving facility and repaid $370.0 million.

(f) The following summarizes the debts related to the Company's 50% interest in Canadian Malartic, which is not guaranteed by the Company:

- Loans with total principal outstanding of $14.9 million (C$20 million) and interest rates up to 9.6%, maturing from 2016 to 2017. Since the date of acquisition, $51.9 million of the Company's share of the assumed debt was repaid.
- Obligations under finance lease of $5.4 million (C$7.3 million) and interest rates ranging between 3.5% and 4.7%, maturing November 2019.
- During the year, the Company made finance lease payments of $7.8 million and repayment of the loan of $14.0 million.
-

(g) On November 3, 2016, Brio Gold entered into a revolving term senior secured credit facility in the amount of $75 million, with no recourse to Yamana Gold Inc. The Credit Facility contains representations and warranties, conditions precedent, covenants, and events of default typical for a facility of this type. The following summarizes the terms in respect to this facility as at December 31, 2016:

- The term of the credit facility is three years, with a reduction to $50 million after two years.
- Interest rate margins are tied to a grid based on LIBOR that varies with the leverage ratio of Brio Gold.
- Brio Gold has not made withdrawals or repayments for this credit facility in 2016.

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
2017	$ 18.6
2018	108.7
2019	183.3
2020	84.1
2021	120.0
2022	192.7
2023	261.2
2024	635.7
	$ 1,604.3

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.

27. DECOMMISSIONING, RESTORATION AND SIMILAR LIABILITIES

As at December 31,		**2016**		2015
Balance, beginning of year	**$**	**194.3**	$	208.3
Decommissioning, restoration and similar liabilities acquired during the year *(Note 6(c))*		**5.8**		—
Decommissioning, restoration and similar liabilities disposed during the year *(Note 6(b))*		**(6.5)**		—
Unwinding of discount in the current year for operating mines		**13.6**		14.1
Unwinding of discount in the current year for non-operating mines		**1.8**		1.3
Adjustments to decommissioning, restoration and similar liabilities during the year		**20.3**		15.3
Foreign exchange impact		**14.4**		(46.0)
Expenditures during the current year		**(8.1)**		(4.2)
Reclassification of liabilities held for sale		**—**		5.5
Balance, end of year	**$**	**235.6**	$	194.3
Current	**$**	**13.4**	$	6.7
Non-current		**222.2**		187.6
	$	**235.6**	$	194.3

The Decommissioning, restoration and similar liabilities are calculated as the net present value of future cash flows, which total $356.8 million (December 31, 2015 - $287.5 million) using discount rates specific to the liabilities of 1.2% to 19.09% (December 31, 2015 - 1.49% to 30.7%). 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 Reais, Chilean Pesos, Argentine 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.

28. 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, 2016 (2015: *nil*).

For the years ended December 31,	**2016**			2015		
Issued and outstanding - 947,797,593 common shares (December 31, 2015 - 947,038,778 common shares):	**Number of common shares (in thousands)**		**Amount (in millions)**	Number of common shares (in thousands)		Amount (in millions)
Balance, beginning of year	**947,039**	**$**	**7,625.4**	878,053	$	7,347.3
Public offering (net of issue costs)*(i)*	**—**		**—**	56,465		227.9
Issued on acquisition of mineral interests	**—**		**—**	11,093		36.4
Exercise of options and share appreciation rights	**56**		**0.3**	—		—
Issued on vesting of restricted share units	**556**		**4.5**	1,294		13.7
Dividend reinvestment plan *(ii)*	**147**		**0.3**	174		0.4
Share cancellation *(iii)*	**—**		**—**	(40)		(0.3)
Balance, end of year	**947,798**	**$**	**7,630.5**	947,039	$	7,625.4

(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, 2016, a total of 15,691,653 shares have subscribed to the plan.

(iii) During the year ended December 30, 2015, the Company canceled 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,		**2016**		2015
Dividends paid	**$**	**28.0**	$	55.2
Dividends declared in respect of the year	**$**	**19.7**	$	57.6
Dividend paid (per share)	**$**	**0.0300**	$	0.0600
Dividend declared in respect of the year (per share)	**$**	**0.0200**	$	0.0600

29. 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,		**2016**		2015
Accrued expense on equity-settled compensation plans granted in the current period	**$**	**0.2**	$	2.8
Accrued expense on cash-settled compensation plans granted in the current period		**1.9**		1.9
Total for instruments granted in the current period	**$**	**2.1**	$	4.7
Accrued expense on equity-settled compensation plans granted in prior periods		**2.0**		7.2
Total	**$**	**4.1**	$	11.9
Compensation expense for Brio Gold		**7.0**		4.6
Mark-to-market change on cash-settled plans		**3.1**		(5.3)
Total expense recognized as compensation expense	**$**	**14.2**	$	11.2

As at December 31,		**2016**		2015
Total carrying amount of liabilities for cash-settled arrangements *(Note 24)*	**$**	**16.9**	$	12.3

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 expense of $3.1 million for the year ended December 31, 2016 compared to the $5.3 million recovery for the comparative period in 2015 was due to a higher Company's share price in the current period vis-a-vis the comparative period, resulting in a higher compensation expense.

(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 (2015 - 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 $0.5 million for the year ended December 31, 2016 (2015 - $2.2 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:

	2016		2015	
	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	**2,961 $**	**7.64**	1,570 $	7.34
Exercised	**(56)**	**5.29**	—	—
Expired	**(663)**	**7.14**	(237)	24.76
Granted *(i)(ii)*	**—**	**—**	2,074	5.92
Cancelled *(iii)*	**—**	**—**	(446)	5.30
Outstanding, as at end of year	**2,242 $**	**7.81**	2,961	7.64
Exercisable, as at end of year	**1,762 $**	**8.50**	2,351 $	8.25

(i) During the year ended December 31, 2016, no options were granted (2015 - 1,360,804 options). The 2015 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 cancelled 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, 2016 are as follows:

	Outstanding		Exercisable	
Exercise price (C$)	**Quantity (000's)**	**Weighted average remaining contractual life (Years)**	**Quantity (000's)**	**Weighted average remaining contractual life (Years)**
$0.01 - $7.99	934	4.89	454	4.74
$9.00 - $12.99	1,308	3.93	1,308	3.93
Total	**2,242**	**4.33**	**1,762**	**4.13**

(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)	**2016**	2015
Outstanding and exercisable, as at beginning of year	**3,520**	3,074
Granted	**309**	446
Outstanding and exercisable, as at end of year	**3,829**	3,520

The value of the DSU as at December 31, 2016 was $15.3 million (December 31, 2015 — $11.5 million). In the year ended December 31, 2016 the Company recorded mark-to-market losses of $3.1 million (2015 — gain of $5.3 million), which is included in other operating expenses. Expenses of $1.1 million for year ended December 31, 2016 (2015 — $1.2 million) were recognized for DSU granted during the year.

(c) Restricted Share Units ("RSU")

RSU are granted to eligible employees and 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.

Number of RSU (000's) held for Yamana Gold Inc.	**2016**	2015
Outstanding and exercisable, as at January 1,	**994**	1,972
Granted	**269**	340
Vested and converted to common shares	**(556)**	(1,294)
Forfeited	**—**	(24)
Outstanding, as at end of year	**707**	994

In the year ended December 31, 2016, the Company credited $4.5 million (December 31, 2015 — $13.7 million) to share capital in respect of RSU that vested during the period. Yamana Gold Inc. granted 269,408 RSU (December 31, 2015— 340,201 RSU) with a weighted average grant date fair value of C$4.17 (December 31, 2015— C$5.30). The expense of $1.7 million for the year ended December 31, 2016 (2015 — $7.7 million) was included in general and administrative expenses. The fair value of RSU as at December 31, 2016 was $2.0 million (December 31, 2015 — $1.8 million).

For the year ended December 31, 2016, Brio Gold recognized a RSU expense of $7.0 million (2015 - $4.6 million) which is included in general and administrative expenses (refer to *Note 30: 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 1.9 million PSUs were outstanding as of December 31, 2016 (December 31, 2015 - 1.05 million) with a fair value of $1.6 million (December 31, 2015 - $0.8 million) and expiry dates of June 30, 2017, January 12, 2018 and December 1, 2018.

The PSU plan with a June 30, 2017 expiry had a total of 591,845 PSUs as at December 31, 2016 (December 31, 2015 - 581,992). Total of 9,853 PSU units were granted during the year. This PSU plan had a fair value of C$2.25 per unit (December 31, 2015 - C$0.14 per unit).

The PSU plan with a January 12, 2018 expiry had a total of 472,481 PSUs as at December 31, 2016 (December 31, 2015 - 464,613). Total of 7,868 PSU units were granted during the year (December 31, 2015 - 691,099). This PSU plan had a fair value of C$2.40 per unit (December 31, 2015 - C$3.33 per unit).

During the year ended December 31, 2016, 808,277 PSU units were granted during the year. This PSU plan has an expiry date on December 1, 2018 and had a fair value of C$3.08 per unit at December 31, 2016.

The fair value of PSUs granted during the year ended December 31, 2016 was determined using a probability weighted analysis using the Monte Carlo simulation with the following significant assumptions:

Dividend yield (CAD dollars)	0.67%
Expected volatility (i)	60.47%
Risk-free interest rate	1.2504%
Contractual life	3 years

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

30. 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,		**2016**		2015
Agua De La Falda S.A. *(i)*	**$**	**18.7**	$	18.7
Brio Gold Inc. *(ii)*		**49.1**		4.6
	$	**67.8**	$	23.3

(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 is 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, 2016, Brio Gold recognized an expense of $7.0 million (2015 - $4.6 million) for the RSUs granted in 2015 which is included in general and administrative expenses. On December 23, 2016, the Company closed offering of purchase rights pursuant to which the Company has disposed of common shares of Brio Gold. As a result of the completion of these transactions, the Company has a disinvestment of 15.4% interest in Brio Gold (refer to *Note 6(a): Disposition of 15.4% interest in Brio Gold*)

31. 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 28: Share Capital* and *Note 26: 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, 2016, the Company has met all of the externally imposed financial covenants.

32. 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.

As at December 31, 2016	Chapada	El Peñón	Canadian Malartic	Gualca-mayo	Minera Florida	Jacobina	Corporate and other *(i)*	Total excluding Brio Gold	Brio Gold	Total
Property, plant and equipment	**$ 635.9**	**$ 764.4**	**$ 1,380.6**	**$ 411.9**	**$ 409.0**	**$ 737.7**	**$ 2,747.2**	**$ 7,086.7**	**$ 479.6**	**$ 7,566.3**
Goodwill and intangibles	**$ —**	**$ 6.8**	**$ 427.7**	**$ 1.4**	**$ —**	**$ —**	**$ 45.1**	**$ 481.0**	**$ —**	**$ 481.0**
Non-current assets	**$ 643.9**	**$ 775.2**	**$ 1,867.2**	**$ 412.9**	**$ 415.1**	**$ 751.8**	**$ 2,884.9**	**$ 7,751.0**	**$ 498.3**	**$ 8,249.3**
Total assets	**$ 723.1**	**$ 828.0**	**$ 1,925.2**	**$ 534.9**	**$ 444.9**	**$ 779.5**	**$ 3,013.7**	**$ 8,249.3**	**$ 552.4**	**$ 8,801.7**
Total liabilities	**$ 190.9**	**$ 200.5**	**$ 476.2**	**$ 150.4**	**$ 134.1**	**$ 157.5**	**$ 2,783.6**	**$ 4,093.2**	**$ 128.5**	**$ 4,221.7**

As at December 31, 2015	Chapada	El Peñón	Canadian Malartic	Gualca-mayo	Minera Florida	Jacobina	Corporate and other *(i)*	Total excluding Brio Gold	Brio Gold	Total
Property, plant and equipment	$ 587.7	$ 1,317.1	$ 1,439.4	$ 526.9	$ 322.5	$ 696.7	$ 2,890.3	$ 7,780.6	$ 428.1	$ 8,208.7
Goodwill and intangibles	$ —	$ 8.5	$ 427.7	$ 1.5	$ —	$ —	$ 51.8	$ 489.5	$ —	$ 489.5
Non-current assets	$ 596.8	$ 1,355.4	$ 1,872.2	$ 528.4	$ 324.0	$ 712.8	$ 3,014.8	$ 8,404.4	$ 464.7	$ 8,869.1
Total assets	$ 697.2	$ 1,430.0	$ 1,930.7	$ 659.6	$ 353.3	$ 740.6	$ 3,203.2	$ 9,014.6	$ 503.5	$ 9,518.1
Total liabilities	$ 239.1	$ 367.5	$ 461.6	$ 173.4	$ 111.9	$ 184.4	$ 3,003.7	$ 4,541.6	$ 111.9	$ 4,653.5

(i) "Corporate and other" includes Agua Rica ($1.1 billion), other advanced stage development, exploration properties, investments in associate and corporate entities. The prior year comparative also includes the Company's disposed Mexican operations.

(b) Information about Profit and Loss

For the year ended December 31, 2016	Chapada	El Peñón	Canadian Malartic	Gualca-mayo	Minera Florida	Jacobina	Corporate and other *(iii)*	Total excluding Brio Gold	Brio Gold	Total
Revenues *(ii)*	**$ 317.0**	**$ 380.8**	**$ 366.8**	**$ 205.9**	**$ 135.5**	**$ 145.5**	**$ —**	**$ 1,551.5**	**$ 236.2**	**$ 1,787.7**
Cost of sales excluding depletion, depreciation and amortization	**(201.5)**	**(204.1)**	**(179.0)**	**(136.0)**	**(79.2)**	**(86.8)**	**—**	**(886.6)**	**(142.4)**	**(1,029.0)**
Gross margin excluding depletion, depreciation and amortization	**$ 115.5**	**$ 176.7**	**$ 187.8**	**$ 69.9**	**$ 56.3**	**$ 58.7**	**$ —**	**$ 664.9**	**$ 93.8**	**$ 758.7**
Depletion, depreciation and amortization	**(45.9)**	**(105.7)**	**(121.3)**	**(39.6)**	**(33.7)**	**(39.9)**	**(9.1)**	**(395.2)**	**(67.1)**	**(462.3)**
Impairment of mining properties	**—**	**(600.5)**	**—**	**—**	**—**	**—**	**—**	**(600.5)**	**(110.8)**	**(711.3)**
Segment income/(loss)	**$ 69.6**	**$ (529.5)**	**$ 66.5**	**$ 30.3**	**$ 22.6**	**$ 18.8**	**$ (9.1)**	**$ (330.8)**	**$ (84.1)**	**$ (414.9)**
Other expenses *(i)*										**(200.8)**
Loss before taxes										**$ (615.7)**
Income tax recovery										**324.9**
Loss from continuing operations										**$ (290.8)**
Loss from discontinued operation										**(17.5)**
Net Loss										**$ (308.3)**

For the year ended December 31, 2015		Chapada	El Peñón	Canadian Malartic	Gualca-mayo	Minera Florida	Jacobina	Corporate and other *(iii)*	Total excluding Brio Gold	Brio Gold	Total
Revenues *(ii)*	$	404.7 $	380.2 $	331.3 $	192.8 $	138.5 $	109.5 $	— $	1,557.0 $	163.6 $	1,720.6
Cost of sales excluding depletion, depreciation and amortization		(219.0)	(206.6)	(169.4)	(149.3)	(88.3)	(75.7)	—	(908.3)	(106.8)	(1,015.1)
Gross margin excluding depletion, depreciation and amortization	$	185.7 $	173.6 $	161.9 $	43.5 $	50.2 $	33.8 $	— $	648.7 $	56.8 $	705.5
Depletion, depreciation and amortization		(43.9)	(132.8)	(109.3)	(56.2)	(64.7)	(27.3)	(12.7)	(446.9)	(57.0)	(503.9)
Impairment of mining properties		—	(544.0)	—	(572.0)	(269.0)	—	—	(1,385.0)	(84.0)	(1,469.0)
Segment income/(loss)	$	141.8 $	(503.2)$	52.6 $	(584.7)$	(283.5)$	6.5 $	(12.7)$	(1,183.2)$	(84.2)$	(1,267.4)
										Other expenses *(i)*	(895.6)
										Loss before taxes $	(2,163.0)
										Income tax recovery	476.3
										Loss from continuing operations $	(1,686.7)
										Loss from discontinued operation	(428.1)
										Net loss $	(2,114.8)

(i) Other expenses is comprised of general and administrative expense of $99.2 million (2015 -$110.1 million), exploration and evaluation expense of $14.9 million (2015 - $18.7 million), equity loss from associate of $nil (2015 - $17.5 million), net finance expense of $142.2 million (2015 - $112.6 million), other operating expenses of $39.7 million (2015 - $69.6 million) and recoveries related to impairment of non-operating mineral properties of $96.2 million (2015 - charge of $567.1 million). Refer to *Note 11 Impairments* for additional details including the amount corresponding to each reportable segment.

(ii) Gross revenues are derived from sales of gold of $1,473.9 million (2015 - $1,315.5 million) and silver of $112.2 million (2015 - $134.0 million) and copper of $201.6 million (2015 - $271.1 million).

(iii) Included in the aggregated other non-reporting operating segments are the exploration properties acquired in the Mega Precious transaction *(Note 6(d): Acquisition and Disposition of Mineral Interests).*

Capital expenditures		Chapada	El Peñón	Canadian Malartic	Gualca-mayo	Minera Florida	Jacobina	Corporate and other *(i)*	Total excluding Brio Gold	Brio Gold	Total
For the year ended December 31, 2016	**$**	**82.6 $**	**88.4 $**	**60.7 $**	**21.8 $**	**45.3 $**	**46.1 $**	**83.3 $**	**428.2 $**	**67.2 $**	**495.4**
For the year ended December 31, 2015	$	56.3 $	76.0 $	58.2 $	15.8 $	39.5 $	31.0 $	44.6 $	321.4 $	32.4 $	353.8

(i) Balance includes $63.9 million for construction of Cerro Moro (2015 - $33.9 million).

(c) Information about Geographical Areas

Revenues are attributed to regions based on the source location of the product sold.

As at December 31,		**2016**	2015
Canada	**$**	**366.8 $**	331.3
Chile		**516.3**	518.8
Brazil		**698.8**	677.7
Argentina		**205.8**	192.8
Total revenue	**$**	**1,787.7 $**	1,720.6

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

As at December 31,		**2016**	2015
Canada	**$**	**2,118.7** $	2,080.2
Mexico		**—**	173.7
Chile		**1,529.1**	2,054.2
United states		**33.0**	17.6
Brazil		**1,902.7**	1,780.5
Argentina		**2,549.1**	2,674.3
Total non-current assets	**$**	**8,132.6** $	8,780.5

(d) Information about Major Customers

The Company sells its gold, silver and copper through the corporate office to major metal exchange markets or directly to major financial institutions and smelters. Given the nature of the Company's product, there are always willing market participants ready to purchase the Company's products at the prevailing market prices. From the Company's perspective, high amount of revenue generated from transactions with a single external customer, is not indicative of the Company's reliance on that major customer, but rather the Company's desire to achieve high efficiency in its selling process. The Company's major customers and the amounts of purchases are:

For the year ended December 31,		**2016**	2015
Royal Bank of Canada	**$**	**422.3** $	315.2
CIBC World Markets	**$**	**232.5** $	268.5
The Toronto Dominion Bank	**$**	**297.5** $	213.5
Bank of Nova Scotia	**$**	**278.6** $	226.0

33. CONTRACTUAL COMMITMENTS

Construction and Service Contracts

As at December 31,		**2016**	2015
Within 1 year	**$**	**312.4** $	336.8
Between 1 to 3 years		**247.5**	223.6
Between 3 to 5 years		**57.7**	47.3
After 5 years		**10.4**	0.2
	$	**628.0** $	607.9

In addition, the Company arranged irrevocable letters of credit for the amounts of $18.3 million (C$24.6 million) in favor of the Government of Quebec and $0.4 million (C$0.5 million) in favor of the Government of Ontario 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 letters of credit will be automatically extended for one year periods from the expiration date and future expiration dates thereafter.

Operating Leases

The aggregate amounts of minimum lease payments under non-cancellable operating leases are as follows:

As at December 31,		**2016**		2015
Within 1 year	**$**	**1.9**	$	4.3
Between 1 to 3 years		**1.5**		4.5
Between 3 to 5 years		**—**		0.1
After 5 years		**—**		—
	$	**3.4**	$	8.9

The total operating lease payments that were expensed during the year amounted to $4.3 million (2015 $6.2 million).

34. CONTINGENCIES

Due to the size, complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. Certain conditions may exist as of the date the financial statements are issued that may result in a loss to the Company, but which will be resolved only when one or more future events occur or fail to occur. The impact of any resulting loss from such matters affecting these Consolidated Financial Statements of the Company may be material.

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 2012. 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.

On August 2, 2016, Canadian Malartic General Partnership ("CMGP"), the operator of the Canadian Malartic mine, was served with a class action lawsuit with respect to allegations involving the Canadian Malartic mine. Beginning in the spring of 2015, Canadian Malartic GP has been working collaboratively with the community of Malartic and its citizens to develop a "Good Neighbour Guide" that addresses the allegations contained in the lawsuit. CMGP will take all reasonable steps necessary to defend themselves from this lawsuit. At the current time, the Company does not believe it is probable that any amounts will be paid with respect to these lawsuits and the amount and timing cannot be reasonably estimated.

35. 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, 2016 and 2015, 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,		**2016**		2015
Senior Leadership Team				
Salaries	**$**	**6.6**	$	7.9
Share-based expenses *(i)*		**2.5**		6.6
Other benefits		**1.5**		1.8
	$	**10.6**	$	16.3
Board Directors				
Fees	**$**	**1.7**	$	1.5
Share-based expenses		**1.0**		1.0
Other benefits		**—**		—
	$	**2.7**	$	2.5
Other Executives and Officers				
Salaries	**$**	**3.5**	$	2.8
Share-based expenses		**0.6**		2.0
Other benefits		**0.5**		0.6
	$	**4.6**	$	5.4
Brio Gold				
Salaries	**$**	**1.5**	$	1.4
Share-based expenses		**7.0**		4.6
Other benefits		**0.1**		0.1
	$	**8.6**	$	6.1
Total				
Salaries	**$**	**13.3**	$	13.6
Share-based expenses *(i)*		**11.1**		14.2
Other benefits		**2.1**		2.5
	$	**26.5**	$	30.3

(i) Refer to *Note 29: Share-Based Payments* for further disclosures on share-based expenses. 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.

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Corporate Governance & Committees of The Board

Corporate Governance

Yamana and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that Yamana's business and affairs are effectively managed so as to enhance shareholder value.

The Company's corporate governance practices have been designed to be in compliance with applicable Canadian and United States legal requirements and best practices. The Company continues to monitor developments in Canada and the United States, with a view to keeping its governance policies and practices current.

Although, as a regulatory matter, the majority of the corporate governance listing standards of the New York Stock Exchange are not applicable to the Company, Yamana has corporate governance practices that comply with such standards.

Code of Conduct

The Board has adopted a Code of Conduct (the "Code") for its directors, officers, employees and any third party acting on our behalf or representing Yamana such as contractors, agents and consultants. The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations in all jurisdictions in which the Company conducts business; providing guidance to directors, officers, employees and third parties to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

Yamana has established a toll-free compliance call line and website to allow for anonymous reporting of any suspected Code violations, including concerns regarding accounting, internal controls over financial reporting or other auditing matters.

Committees of the Board

The Board has the following four standing committees:

Audit Committee

The Audit Committee provides assistance to the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Company and the investment community. The external auditors of the Company report directly to the Audit Committee.

Compensation Committee

The Compensation Committee, which is composed entirely of independent directors, among other things may determine appropriate compensation for the Company's directors and senior officers. The process by which appropriate compensation is determined is through periodic and annual reports from the Compensation Committee on the Company's overall compensation and benefits philosophies.

Corporate Governance and Nominating Committee

This committee is responsible for conducting an annual review of the Board's relationship with management to ensure the Board is able to, and in fact does, function independently of management; develops and recommends to the Board for approval a long-term plan for Board composition that takes into consideration the independence of directors, competencies and skills of the Board as a whole; reviews retirement dates and the appropriate size of the Board with a view to facilitating effective decision making and the strategic direction of the Company; and develops and implements a process to handle any director nominees who are recommended by security holders.

Sustainability Committee

The Board also has a Sustainability Committee to assist in oversight of sustainability, environmental, health and safety matters, including monitoring the implementation and management of the Company's policies, procedures and practices relating to sustainability, environmental, health and safety matters.

To view Yamana's Board and committee charters, code of conduct, corporate governance practices as well as how they compare to the NYSE standards, please visit www.yamana.com/Governance. More information can also be found in Yamana's Management Information Circular.

Corporate Information

Board of Directors

John Begeman (1)(4)

Christiane Bergevin (3)(4)

Alex Davidson (2)(4)

Richard Graff (1)

Kimberly Keating
(appointed February 2017)

Nigel Lees (2)

Peter Marrone*
Chairman and Chief Executive Officer

Patrick Mars (1)(2)(3)
Lead Director

Carl Renzoni (1)(3)

Jane Sadowsky (1)(3)

Dino Titaro (2)(3)(4)

* Non-independent Board Member

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Corporate Governance and Nominating Committee

(4) Member of the Sustainability Committee

Senior Management

Peter Marrone
Chairman and Chief Executive Officer

Charles Main
Executive Vice President,
Finance and Chief Financial Officer
(retired February 2017)

Jason LeBlanc
Senior Vice President,
Finance and Chief Financial Officer
(appointed CFO February 2017)

Daniel Racine
Executive Vice President and
Chief Operating Officer

Darcy Marud
Executive Vice President,
Enterprise Strategy

Greg McKnight
Executive Vice President,
Business Development

Yohann Bouchard
Senior Vice President,
Operations

Richard Campbell
Senior Vice President,
Human Resources

Gerardo Fernandez
Senior Vice President,
Operations

Ross Gallinger
Senior Vice President,
Health, Safety and Sustainable Development

Barry Murphy
Senior Vice President,
Technical Services

Sofia Tsakos
Senior Vice President, General Counsel
and Corporate Secretary

William H. Wulftange
Senior Vice President, Exploration

Shareholder Information

Share Listings

Toronto Stock Exchange: YRI
New York Stock Exchange: AUY

Capitalization *(as at December 31, 2016)*

Common Shares (basic): 947.8 million
Restricted Share Units: 0.7 million
Options: 2.2 million
Common Shares (fully diluted): 950.7 million

2016 Common Share Trading Information

Stock Exchange	Ticker	Closing price	High	Low	Average Daily Volume
TSX	YRI-T	C$3.77	C$7.77	C$2.04	6,403,488
NYSE	AUY	US$2.81	US$5.92	US$1.41	16,443,129

Dividends

Yamana currently pays a quarterly dividend of US $0.005 per share

2016 Dividend Schedule		Anticipated 2017 Dividend Schedule	
Record Date	Payment Date	Record Date	Payment Date
March 31, 2016	April 14, 2016	March 31, 2017	April 13, 2017
June 30, 2016	July 14, 2016	June 30, 2017	July 14, 2017
September 30, 2016	October 14, 2016	September 29, 2017	October 13, 2017
December 30, 2016	Jan 13, 2017	December 29, 2017	January 12, 2018

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 4, 2017
11:00 a.m. Eastern DST

Design Exchange
234 Bay Street
Toronto Dominion Centre
Toronto, Ontario, Canada

Design: TPR Design
Typesetting & Pre-Press Production: Mary Acsai
Printing: Merrill Corporation Canada

Portrait Photography: Zanetti Photography

Printed in Canada

YAMANA GOLD