

Yamana Gold's Conflict-Free Gold Report

July 2016

1 Background

Yamana Gold (together with its affiliates; Yamana), recognizes the importance of striving to meet and exceed our corporate social responsibility objectives and the role these efforts have in delivering on our overall objective of creating value for all stakeholders. In advancing these goals, Yamana does not condone or support the use of gold mining to benefit unlawful armed conflicts or contribute to serious human rights abuses or breaches of international law. Yamana takes this responsibility seriously and as such, has adopted the *Conflict-Free Gold Standard* (Standard).

This Conflict-Free Gold Report summarizes Yamana's conformance with the requirements of the Standard for the year-ended 31 December 2015. This report is updated on an annual basis.

Responsibility for the implementation of the Standard is held by the Senior Vice President, Health, Safety & Sustainable Development who regularly reports to the Chief Executive Officer and to the Corporate Responsibility Committee of the Board of Directors.

2 Reporting Boundary

The reporting boundary of this Conflict-Free Gold Report includes all mining and processing operations which Yamana is the majority owner and over which Yamana has direct control. It does not include properties that are not producing gold or gold bearing materials such as exploration sites, projects under development or properties in the reclamation phase. This is consistent with the reporting boundaries that Yamana publicly discloses in its Corporate Social Responsibility Report and Annual Report.

Schedule A contains a list of the Yamana operations included within the reporting boundary.

3 Standard's Requirements

The Standard is comprised of assessments Parts A-E:

- Part A - Conflict Assessment
- Part B - Company Assessment
- Part C - Commodity Assessment
- Part D - External Sources of Gold Assessment, and
- Part E - Management Statement of Conformance

Part A of the Standard requires companies to assess whether they are adhering to international sanctions and to undertake a risk assessment based upon the recognition of conflict. Applying the Standard's criteria, operations that are in an area ranked as 5 (war) or 4 (limited war) within the last two years in the Heidelberg *Conflict Barometer* have been classified as 'conflict-affected or high-risk' and must complete all remaining assessments in Parts B-E of the Standard. For operations not considered in a 'conflict-affected or high-risk' area and where the company does not transport gold while in its custody, the remaining assessments which must be completed are Parts D and E.

4 Yamana's Evaluation

Yamana performed a detailed analysis of each property, which is presented in the Conflict-Free Gold Evidence Pack.

Following our Part A - Conflict Assessment, Yamana concluded that we did not breach any international sanctions and we have only one mine operating in a country considered to be 'conflict-affected or high-risk', as determined by the Heidelberg Conflict Barometer - the Mercedes mine in Sonora, Mexico. Mexico was ranked as being at war (Level 5) as a result of the ongoing war on drug organizations. The state of Sonora, however, was ranked as Level 3 during 2015, and is considered to be relatively more peaceful than other Mexican states. Yamana conducted a thorough review for evidence of armed conflict, widespread violence and other risks of serious and widespread harm to people near the Mercedes mine site, along routes of transport and elsewhere in Sonora. Yamana concluded that the area in which the Mercedes mine operates is not considered to be 'conflict-affected or high-risk'.

Yamana also complied with Part D - Externally Sourced Gold Assessment - Although Yamana acquired third-party ore at one of its operation in Chile, the appropriate due diligence and review was conducted to ensure that the third-party ore was conflict-free. Yamana also implemented the appropriate Management Statement of Conformance documentation to accompany gold being dispatched at operations as required in Part E (see Schedule B).

5 Conclusion

In conclusion, Yamana was in conformance with the criteria set out in the Conflict-Free Gold Standard for the reporting year end 31 December 2015.

Yamana engaged the services of the assurance provider Deloitte, LLP, and their independent limited assurance report can be viewed on our website www.yamana.com.

The Standard includes several areas where evidence of public disclosure is required. The following information can be viewed on our website www.yamana.com, along with a summary of Yamana's methodology for preparing the Conflict-Free Gold Report in according with the Standard:

- Public commitment(s) to human rights (in the form of our Code of Conduct)

- Processes in place by which local stakeholders can raise concerns (in the form of our Code of Conduct)

If users of this report wish to provide any feedback to Yamana with respect to the Conflict-Free Gold Report, they can contact Yamana at sustainability@yamana.com.

Schedule A - Yamana Operations Considered in the Conflict-Free Gold Report

Operations included in Yamana's Conflict-Free Gold Report are listed below. This list does not include exploration sites, projects under development, or properties in the reclamation phase. All operations included produced gold within the reporting period of January 1, 2015 to December 31, 2015¹.

- Canadian Malartic (Quebec, Canada; 50% ownership)
- Mercedes (Sonora state, Mexico)
- El Peñón (Antofagasta, Chile)
- Minera Florida (Región Metropolitana, Chile)
- Gualcamayo (San Juan, Argentina)
- Chapada (Goiás state, Brazil)
- Pilar (Goiás state, Brazil)
- Jacobina (Bahía state, Brazil)
- Fazenda Brasileiro (Bahia state, Brazil)
- Ernesto/Pau-a-Pique (Mato Grosso state, Brazil)

¹ C1 Santaluz, although included in previous Conflict-Free Gold Reports, is not included in this report as the property was under Care and Maintenance in 2015.

Schedule B - Management Statement of Conformance

Yamana Gold Inc. (Yamana) confirms, to the best of our knowledge, that the gold or gold-bearing material produced at the operating mines listed in Schedule A have the appropriate systems and controls in place to conform with the World Gold Council's *Conflict-Free Gold Standard*.

This Statement of Conformance is provided by Yamana Gold Inc. as part of the conformance requirement for the World Gold Council's *Conflict-Free Gold Standard* and in order to provide a good faith representation to the next participant in the chain of custody.

The company's latest Conflict-Free Gold Report relates to the twelve months ended December 31, 2015 and was subject to independent assurance. The Conflict-Free Gold Report and the independent assurance report can be viewed at www.yamana.com. Nothing has come to our attention to indicate any non-conformance since that date.