

Yamana Gold's Conflict-Free Gold Report

July 2018

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* (the Standard).

This Conflict-Free Gold Report summarizes Yamana's conformance with the requirements of the Standard for the year-ended 31 December 2017. 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 Sustainability 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. Brazil is considered to be 'conflict-affected or high-risk', as determined by the Heidelberg Conflict Barometer. In Brazil, Yamana has the Chapada mine in Goias state, Jacobina in Bahia state. In 2017, Brazil ranked as level 4 (limited war) on the Heidelberg Conflict Barometer due to the increase in violence due to drug trafficking organizations, specifically in Rio de Janeiro, Rio Grande do Norte and along the border of Bolivia and Paraguay. Regionally, Goias and Bahia states were considered regions without conflicts of level 4 or level 5. Based on security review of the areas in which we operate, Yamana concluded that the areas are 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 operations 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 2017.

Yamana engaged the services of the assurance provider Deloitte, LLP, and their independent limited assurance report is provided at the end of this document.

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, 2017 to December 31, 2017.

- Canadian Malartic (Quebec, Canada; 50% ownership)
- El Peñón (Antofagasta, Chile)
- Minera Florida (Región Metropolitana, Chile)
- Gualcamayo (San Juan, Argentina)
- Chapada (Goiás state, Brazil)
- Jacobina (Bahía state, Brazil)

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, 2017 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.



Independent Limited Assurance Report

To: The Board of Directors and Management of Yamana Gold Inc.

We were engaged by Yamana Gold Inc. (“Yamana”) to provide limited assurance on their Conflict-Free Gold Report (“the Report”) for the year ended December 31, 2017.

What we looked at: Scope of our work

The assurance scope consists of the company’s Report, which includes a summary of the assessment procedures designed and implemented by Yamana at each of the company’s mine sites in accordance with the World Gold Council Conflict-Free Gold Standard, 2012 (the “Standard”).

The reporting boundary of the Report includes all mining and processing operations under the company’s direct control, including the following mine sites:

- Gualcamayo (San Juan, Argentina)
- Chapada (Goiás, Brazil)
- Jacobina (Bahia, Brazil)
- El Peñón (Antofagasta, Chile)
- Minera Florida (Region Metropolitana, Chile)
- Canadian Malartic (Quebec, Canada)

Responsibilities

The management of Yamana Gold Inc. are responsible for the preparation and presentation of the Report in accordance with the Standard. This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by management as relevant for demonstrating compliance with the Standard are the activities described within the Report. Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with *International Standard on Assurance Engagements: Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board and the guidance set out in the Guidance for Assurance Providers issued by the World Gold Council.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided. While we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls and, accordingly, we express no conclusions thereon. This report has been prepared for Yamana for the purpose of assisting management in determining whether Yamana has complied with the Standard and for no other purpose. Our assurance report is made solely to Yamana in accordance with the terms of

our engagement. We do not accept or assume responsibility to anyone other than Yamana for our work, or for the conclusions we have reached in the assurance report.

What we did: Key limited assurance procedures

We planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- Enquiries of management to gain an understanding of Yamana's processes, and risk management protocols in place.
- Enquires of relevant staff at the corporate office responsible for the preparation of the Report.
- Assessing the suitability of the policies, procedures and internal controls that Yamana has in place to conform to the Standard.
- Review of a selection of the supporting documentation.
- Review a sample of the underlying processes and controls which support the information in the Report.
- Review of the presentation of the Report to ensure consistency with our findings.

Inherent limitations

Non-financial information, such as that included in the Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable assessment techniques. The nature and methods used to determine such information, as well as the assessment criteria may change over time. It is important to read Yamana's methodology described in the Report.

Independence, quality control and competency statement

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the Audit Guidance to carry out the assurance engagement.

The firm applies Canadian Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

What we found: Our conclusion

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that would lead us to believe that Yamana's Conflict-Free Gold Report, as defined above, for the year ended 31 December 2017, was not in all material respects prepared and presented in accordance with the requirements of the Conflict-Free Gold Standard.

The signature of Deloitte LLP is written in a blue, cursive script.

Deloitte LLP
Chartered Professional Accountants
Vancouver, Canada
September 28, 2018