

CONFLICT-FREE GOLD REPORT YAMANA GOLD INC.

Yamana acknowledges that its license to operate carries with it a responsibility to demonstrate that gold has been extracted in a manner that does not fuel conflict. Yamana takes this responsibility seriously and as such, has adopted the *Conflict-Free Gold Standard* (Standard).

This Conflict-Free Gold Report summarizes how Yamana conforms to the requirements of the Standard for the year-ended December 2014. The Executive Vice-President, Finance and Chief Financial Officer is responsible for implementation, and has ultimate responsibility for Yamana's compliance.

Reporting boundary

The reporting boundary of this Conflict-Free Gold Report includes all mining and processing operations under the control of Yamana. It does not include exploration sites or projects under development. Joint ventures and partly owned operations over which Yamana does not exercise operational control are also excluded from the reporting boundary. This is consistent with the reporting boundaries that Yamana publicly discloses in its sustainability report and annual report.

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 are Parts D and E.

Yamana's evaluation

Following our Part A - Conflict Assessment, Yamana concluded that we did not breach any international sanctions and we have one mine operating in an area considered to be 'conflict-affected or high-risk', as determined by the Heidelberg *Conflict Barometer* – the Mercedes mine in Sonora, Mexico. Sonora was ranked as 4 (limited war) only for the month of December, 2014 and the Mexico Peace Index Report indicates that Sonora is in an area of Mexico that is relatively free of conflict compared to other states in Mexico. Yamana conducted a thorough review for evidence of armed conflict, widespread violence and other risks of serious and widespread harm to people near to the Mercedes mine site, along routes of transport and elsewhere in Sonora. We determined that there was no evidence of such incidents during 2014. Accordingly, Yamana concluded that the area in which

| Mercedes mine operates is not considered to be 'conflict affected or high-risk'. Parts of Brazil are ranked 4 (limited war) by the Heidelberg *Conflict Barometer*, but these are in Rio de Janeiro and Sao Paulo, far from our mining operations. No other Yamana sites have been regarded as 'conflict affect or high-risk' based on the definition of the *Heidelberg Conflict Barometer*.

Yamana also complied with Part D – Externally Sourced Gold Assessment. We purchased gold-bearing material from a third-party at one operation in Chile. In accordance with the Standard, Yamana has implemented the risk-based due diligence procedures consistent with the guidance provided in the *Gold Supplement to the OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* to determine that there are no links between gold-bearing material purchased and areas assessed to be 'conflict-affected or high-risk'. Yamana is therefore in conformance with Part D of the Standard. Yamana implemented the appropriate Management Statement of Conformance documentation to accompany gold being dispatched at operations as required in Part E.

In conclusion, Yamana was in conformance with the criteria set out in the *Conflict-Free Gold Standard* for the reporting year end 31 December 2014.

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 accordance with the Standard.

- Public commitment(s) to human rights (in the form of our Code of Conduct)
- Disclosure of payments to governments and government entities (included in the annual Yamana CSR Report)
- 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 corporate communications at lisa.doddridge@Yamana.com.

Schedule A – Mines Covered under Yamana’s Conflict-Free Gold Report

Yamana Gold Inc.’s Conflict-Free Gold Report summarizes the conformance of the following mines to the World Gold Council’s *Conflict-Free Gold Standard*:

Gualcamayo (San Juan, Argentina)
Chapada (Goiás, Brazil)
Jacobina (Bahia, Brazil)
Fazenda Brasileiro (Bahia, Brazil)
C1 Santa Luz (Bahia, Brazil)
Pilar (Goiás, Brazil)
Ernesto/Pau-a-Pique (Mato Grosso, Brazil)
Mercedes (Sonora, Mexico)
El Penon (Antofagasta, Chile)
Minera Florida (Region Metropolitana, Chile)
Canadian Malartic (Quebec, Canada)