YAMANAGOLD NEWS RELEASE

YAMANA GOLD ANNOUNCES SECOND QUARTER 2017 RESULTS

TORONTO, ONTARIO, July 27, 2017 – YAMANA GOLD INC. (TSX:YRI; NYSE:AUY) ("Yamana" or "the Company") is herein reporting its financial and operational results for the second quarter 2017. The Company had a strong second quarter, both exceeding its plan for production, and achieving this at costs below those planned. As anticipated, the second quarter was stronger than the first quarter of the year.

SECOND QUARTER 2017 OVERVIEW

Total production was 244,607 ounces of gold from Yamana's six producing mines (275,437 ounces of gold including attributable production (1) from Brio Gold Inc. ("Brio Gold")). Production from the Company's six producing mines increased by 13% compared to the first quarter of 2017. The Company also produced 1.32 million ounces of silver, representing an increase of 22% compared to the first quarter of 2017, and 29.1 million pounds of copper, representing an increase of 10% compared to the first quarter of 2017.

Costs - total cost of sales applicable to gold of $1,096 per ounce ($1,105 per ounce, including Brio Gold), cash costs on a co-product basis (2) of $671 per ounce ($696 per ounce, including Brio Gold) and all-in sustaining costs (2) of $869 per ounce ($899 per ounce, including Brio Gold). Applying copper as a credit, these costs would be reduced per ounce by $43, $70 and $29, respectively(3).

Outlook for full year production expectations and guidance relating to the Company's six producing mines is 940,000 ounces of gold. The Company had anticipated that 46% of gold production would be delivered in the first half of the year, with the balance delivered in the second half of the year. As at midyear, the Company has tracked 6% or approximately 30,000 ounces above the anticipated first-half weighting of production, and as such, the Company remains well positioned to achieve its stated production guidance for the year. The Company reiterates production and cost guidance across all metals for the year.

Net loss from continuing operations for the three months ended June 30, 2017, was $36.8 million, with $34.7 million attributable to Yamana equity holders, ($0.04 per share basic and diluted in both

(All amounts are expressed in United States dollars unless otherwise indicated.)

1. Attributable production includes production commensurate to the Company's interest in Brio Gold, which for the second quarter of 2017 was a weighted average of 69.7%, and for the six months ended June 30, 2017 was a weighted average of 76.7% (2016 - 100% for both three and six-months).
2. Refers to a non-GAAP financial measure or an additional line item or subtotal in financial statements. Reconciliations for all non-GAAP financial measures are available at www.yamana.com/Q22017 and in *Section 13* of the Company's second quarter 2017 *Management's Discussion & Analysis*, which has been filed on SEDAR.
3. The copper credit amounts to $10.3 million over sales from Yamana mines of 236,050 ounces of gold for cost of sales, $17.0 million over production of 244,607 ounces of gold from Yamana's mines for cash costs, and $7.0 million over production of 244,607 ounces of gold from Yamana's mines for AISC.

cases) which included non-cash tax unrealized foreign exchange loss of $25.1 million and $22.0 million of certain other provisions and write-downs. The following table presents a Summary of Certain Non-Cash and Other Items Included in Net Earnings.

Summary of Certain Non-Cash and Other Items Included in Net Earnings

(In United States Dollars, per share amounts may not add due to rounding, unaudited)	**Three Months Ending Jun 30, 2017**		Three Months Ending Jun 30, 2016	
	Millions	**Per share**	Millions	Per share
Non-cash unrealized foreign exchange losses/(gains)	**2.4**	**-**	8.5	0.01
Share-based payments/mark-to-market of deferred share units	**2.5**	**-**	11.6	0.01
Mark-to-market on zero cost collar contract	**(6.0)**	**(0.01)**	(5.7)	(0.01)
Mark-to-market on investment and other assets	**(1.0)**	**-**	-	-
Revision in estimates and liabilities including contingencies	**(0.9)**	**-**	9.0	0.01-
Other provisions, write-downs and adjustments	**22.0**	**0.02**	(12.6)	(0.01)
Non-cash tax unrealized foreign exchange losses/(gains)	**25.1**	**0.03**	(42.7)	(0.05)
Income tax effect of adjustments	**(5.2)**	**(0.01)**	(0.6)	-
TOTAL ADJUSTMENTS - increase/(decrease) to net earnings and net earnings per share	**38.9**	**0.04**	(32.5)	(0.03)

Metal sales and operating cash flow for the second quarter include revenue from metal sales of $428.1 million, cash flows from operating activities of $124.6 million, cash flows from operating activities before net change in working capital (2) of $122.8 million, net change in working capital of positive $1.8 million, net change in working capital excluding Brio Gold of approximately $8.2 million, and net free cash flow (2) of $51.1 million.

Balance sheet as at June 30, 2017, includes cash and cash equivalents of $132.3 million, representing an increase of $26.4 million from March 31, 2017, and available credit of $823.6 million for total liquidity of approximately $955.9 million. Net debt(1) decreased by $22 million ($2 million consolidated with Brio Gold) from March 31, 2017.

Cerro Moro continues on budget and on schedule as construction advanced toward mechanical completion by end of 2017 and start-up of production in early 2018.

Kirkland Lake, the Company's 50%-owned development and exploration assets, underwent a third party valuation assessment. The results of the study reveal that the Upper Beaver deposit provides a large component of the overall value and supports construction of a central processing plant that could process ore from other deposits to supplement value. Financial advisors have been retained to advise on potential strategic alternatives including the possible sale of 100% of the Kirkland Lake property portfolio.

Agua Rica underwent initial studies relating to a smaller scale underground sub-level caving operation that contemplates a fully standalone operation. This scenario assumes capital costs substantially below estimates in the feasibility study for a larger open pit operation. The Company is evaluating the selection of financial advisors to advise on potential strategic alternatives.

Exploration continued with a focus on Mineral Resource discovery, and Mineral Reserve replacement and growth at all mines. A more fulsome update will follow later in the year.

Brazilian Tax Matters - As previously reported, beginning in 2012, the Company has been challenging certain 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. As such, the Company does not believe it is probable that any amounts will be paid with respect to these assessments.

The Company has maintained and continues to maintain the view that it should ultimately be successful in its challenges of these assessments. However, a new law has recently been proposed that would allow companies to settle outstanding income tax matters in many cases for amounts substantially less than the amounts under discussion. The Company has determined to participate in the program under this proposed new law. This would represent a commercial resolution of this legal issue in a way that creates immediate financial certainty (refer to Section 11 of the Company's second quarter 2017 *Management's Discussion & Analysis* for additional information).

KEY STATISTICS

Key operating and financial statistics for the second quarter 2017 are outlined in the following tables.

Financial Summary (including Brio Gold on a 100% basis unless otherwise indicated)

	Three Months Ending Jun 30th		Six Months Ending Jun 30th	
(In millions of United States Dollars except for shares and per share amounts, unaudited)	**2017**	2016	**2017**	2016
Revenue	**428.1**	438.0	**831.6**	838.9
Cost of sales excluding depletion, depreciation and amortization	**(261.0)**	(266.6)	**(499.0)**	(483.7)
Depletion, depreciation and amortization	**(111.9)**	(117.1)	**(217.8)**	(221.9)
Total cost of sales	**(372.9)**	(383.7)	**(716.8)**	(705.6)
Mine operating earnings	**55.2**	54.3	**114.8**	133.3
General and administrative expenses	**(25.9)**	(23.6)	**(51.2)**	(45.5)
Exploration and evaluation expenses	**(5.3)**	(5.3)	**(9.4)**	(8.2)
Net earnings/(loss) from continuing operations	**(36.8)**	30.3	**(42.8)**	66.5
Net earnings/(loss) attributable to Yamana Gold equity holders	**(34.7)**	34.8	**(40.9)**	71.3
Net earnings/(loss) from continuing operations per share – basic and diluted (1)	**(0.04)**	0.03	**(0.05)**	0.07
Cash flow generated from continuing operations after changes in non-cash working capital	**124.6**	192.7	**175.8**	308.9
Cash flow from operations before changes in non-cash working capital	**122.8**	189.5	**239.9**	304.6
Revenue per ounce of gold	**1,255**	1,256	**1,232**	1,219
Revenue per ounce of silver	**16.85**	16.72	**17.05**	15.80
Revenue per pound of copper	**2.27**	1.70	**2.32**	1.90
Average realized gold price per ounce	**1,268**	1,267	**1,244**	1,229
Average realized silver price per ounce	**16.89**	16.83	**17.08**	15.86
Average realized copper price per pound	**2.52**	2.12	**2.54**	2.12

1. For the three months ended June 30, 2017, the weighted average numbers of shares outstanding, basic and diluted, was 948,116,000.

Production, Financial and Operating Summary

	Three Months Ending Jun 30th		Six Months Ending Jun 30th	
	2017	2016	**2017**	2016
Gold produced, Yamana mines	**244,607**	237,402	**460,255**	480,785
Total attributable gold production	**275,437**	290,139	**532,972**	573,894
Total gold production	**288,830**	290,139	**555,018**	573,894
Gold sold, Yamana mines	**236,050**	238,922	**453,731**	474,411
Gold sold	**278,187**	291,152	**546,103**	567,741
Silver produced (millions of ounces)	**1.32**	1.69	**2.40**	3.49
Silver sold (millions of ounces)	**1.30**	1.68	**2.47**	3.44
Copper produced - Chapada (millions of pounds)	**29.1**	23.2	**55.6**	49.0
Copper sold - Chapada (millions of pounds)	**25.2**	26.0	**50.4**	48.7

	Three Months Ending Jun 30th		Six Months Ending Jun 30th	
Gold	**2017**	2016	**2017**	2016
Total cost of sales per ounce sold, Yamana mines	**$1,096**	$1,060	**$1,071**	$1,007
Total cost of sales per ounce sold	**$1,105**	$1,054	**$1,079**	$996
Co-product cash costs per ounce produced, Yamana mines	**$671**	$692	**$678**	$647
Co-product cash costs per ounce produced	**$696**	$698	**$704**	$650
All-in sustaining co-product costs per ounce produced, Yamana mines	**$869**	$969	**$889**	$879
All-in sustaining co-product costs per ounce produced	**$899**	$959	**$917**	$874
Silver	**2017**	2016	**2017**	2016
Total cost of sales per ounce sold	**$13.92**	$12.60	**$14.58**	$12.44
Co-product cash costs per ounce produced	**$10.19**	$8.47	**$10.26**	$8.06
All-in sustaining costs per ounce produced, co-product basis	**$14.04**	$12.18	**$14.12**	$11.28
Copper	**2017**	2016	**2017**	2016
Total cost of sales per copper pound sold	**$1.91**	$2.14	**$1.86**	$2.00
Co-product cash costs per pound of copper produced - Chapada	**$1.61**	$1.80	**$1.69**	$1.66
All-in sustaining costs per pound of copper produced - Chapada	**$1.84**	$2.43	**$1.98**	$2.12

Production Breakdown	Three Months Ending Jun 30th		Six Months Ending Jun 30th	
Gold Ounces	**2017**	2016	**2017**	2016
Chapada	**25,404**	17,299	**44,493**	38,338
El Peñón	**43,005**	54,123	**76,642**	110,570
Canadian Malartic (50%)	**82,509**	72,503	**153,891**	146,115
Gualcamayo	**37,363**	40,264	**75,091**	76,867
Minera Florida	**22,051**	24,211	**43,736**	49,923
Jacobina	**34,275**	29,002	**66,402**	58,972
Total production, Yamana mines	**244,607**	237,402	**460,255**	480,785
Brio Gold (attributable to Yamana)	**30,830**	52,737	**72,717**	93,109
TOTAL ATTRIBUTABLE GOLD PRODUCTION	**275,437**	290,139	**532,972**	573,894

	Three Months Ending Jun 30th		Six Months Ending Jun 30th	
Silver Ounces	**2017**	2016	**2017**	2016
Chapada	**57,022**	52,642	**112,948**	112,157
El Peñón	**1,180,174**	1,522,242	**2,140,994**	3,130,479
Minera Florida	**86,203**	112,760	**148,565**	247,036
TOTAL	**1,323,399**	1,687,644	**2,402,507**	3,489,672

For a full discussion of Yamana's operational and financial results, please refer to the Company's second quarter 2017 *Management's Discussion & Analysis* and *Financial Statements*, which have been filed on SEDAR and are also available on the Company's website.

BOARD OF DIRECTORS APPOINTMENT

The Company is pleased to announce the appointment of Andrea Bertone to its Board of Directors ("the Board"), effective immediately.

Ms. Bertone has nearly 20 years of senior management experience in the energy industry in the Americas and most recently held the position of President of Duke Energy International LLC ("Duke Energy"), where she reported directly to the Chief Executive Officer of the largest utility companies in the United States. In this role, and based in the United States, she was responsible for operations across South and Central America. Prior to her role as President of Duke Energy, Ms. Bertone spent nearly 10 years in increasingly senior management roles with Duke Energy and its subsidiary companies.

Ms. Bertone brings significant strategic and operational expertise acquired while operating large infrastructure assets throughout Latin America. Her appointment further expands the Board's depth and breadth of international expertise, and she is expected to make valuable contributions as the Company continues to execute on its strategic and growth plans.

With the addition of Ms. Bertone, female representation on the Board is now over 30 per cent and is a further step toward the Board's formal goal of at least 40 per cent representation. In total, Yamana's Board is now comprised of 12 Directors who together possess diverse and complementary skillsets that are well suited to providing strategic oversight to the Company.

As previously announced and as part of the Board's refreshment, two Board members will be retiring before the Company's next Annual Meeting of Shareholders. Upon retirement, Mr. Renzoni and Mr. Mars will hold non-voting emeritus roles to mentor new directors and provide ongoing support for Board reviews and other matters relating to the Company.

As part of the Company's commitment to enhancing its operational depth, it wishes to announce that it is advanced in the process of the selection of one more Board member with an operations background.

With the pending retirement of Mr. Mars from the Board, the Company also announced that Richard Graff will be assuming the position of Lead Director effective September 30, 2017. Mr. Graff is presently the Chair of the Audit Committee and is recognized as a leading expert in financial accounting and practices for mining companies. Mr. Graff also sits as Lead Director of another public mining company.

Peter Marrone, Chairman and Chief Executive Officer, commented as follows: "We are extremely pleased with the addition of Andrea to Yamana's Board. She brings significant strategic and operations experience through her time leading the Central and South American operations of a large publicly traded energy company. We look forward to her contributions to the Board, which we expect to be significant based on her impressive international business experience.

In addition, I would like to thank Patrick for his dedication and commitment to Yamana. He has been a valuable member of our Board for many years and as Lead Director he has made significant contributions to the evolution of Yamana. We are glad that we will continue to benefit from his experience and insights as he transitions into an emeritus role later this year, which will allow for a more seamless progression as we advance plans to refresh our Board.

We are also pleased to announce that Richard will be assuming the role of Lead Director later this year. As Chair of our Audit Committee, Richard has consistently demonstrated his knowledge of the mining industry and made meaningful contributions to the oversight of Yamana, and we expect he will continue to do so in his new role."

SECOND QUARTER 2017 CONFERENCE CALL

The Company will host a conference call and webcast on July 28, 2017 at 9:00 a.m. ET.

Second Quarter 2017 Conference Call Information:

Toll Free (North America):	1-866-223-7781
Toronto Local and International:	416-340-2218
Webcast:	www.yamana.com

Conference Call Replay

Toll Free (North America):	1-800-408-3053
Toronto Local and International:	905-694-9451
Passcode:	1147900

The conference call replay will be available from 12:00 p.m. ET on Friday, July 28, 2017, until 11:59 p.m. ET on Friday, August 11, 2017.

About Yamana

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.

FOR FURTHER INFORMATION PLEASE CONTACT:
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This news release 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 continued drilling at the Odyssey deposit, 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, 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, and the Argentine 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.

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

The Company has included certain non-GAAP financial measures to supplement its Consolidated Annual 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 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 and additional 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

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 produced 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.

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 agrees to the consolidated annual statement of operations that reflects continuing operations excluding Mercedes, which is classified as discontinued operations. 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.

Reconciliations of total cost of sales of gold, silver and copper sold to co-product cash costs and co-product all-in sustaining costs of gold, silver and copper produced, as well as their respective per ounce/pound sold and per ounce/pound produced, are provided in *Section 13:* of the MD&A for the three and six months ended June 30, 2017 and comparable period of 2016 which has been filed on SEDAR.

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 Cash Flow from Operating Activities before Changes in Working Capital from Continuing Operations to Adjusted Operating Cash Flows are provided in Section 5.1: Overview of Financial Results of the MD&A for the three and six months ended June 30, 2017 and comparable period of 2016, which has been filed on SEDAR.

NET DEBT

The Company uses the financial measure "Net Debt" 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.

Reconciliations of Total Debt to Net Debt are provided in *Section 13:* of the MD&A as at June 30, 2017 and June 30, 2016, which has been filed on SEDAR .

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 Cash Flow from Operating Activities of Continuing Operations to Net Free Cash Flow are provided in *Section 13:* of the MD&A for the three and six months ended June 30, 2017 and comparable period of 2016 which has been filed on SEDAR.

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 revenue per ounce of gold, silver and pound of copper sold to average realized metal prices for the respective metals are provided in *Section 14:* of the MD&A for the three and six months ended June 30, 2017 and comparable period of 2016 which has been filed on SEDAR.

ADDITIONAL LINE ITEMS AND 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.