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# BMO – 23rd Annual Global Metals & Mining Conference

YAMANA GOLD

# Cautionary Note Regarding Forward-looking Statements

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This presentation contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking statements, including any information as to the Company's strategy, plans or future financial or operating performance. 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 expected 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 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), 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, risk related to non-core mine dispositions, risks related to acquisitions, changes in project parameters as plans continue to be refined, changes in project development, construction, production and commissioning time frames, risk related to joint venture operations, the possibility of project cost overruns or 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 time lines, government regulation and the risk of government expropriation or nationalization of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation and labour disputes, as well as those risk factors discussed or referred to in the Company's current and annual Management's Discussion and Analysis and the Annual Information Form for the year ended December 31st, 2012 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 for the year ended December 31st, 2012 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.

Please note that "GEO" means gold equivalent ounces throughout this presentation.

Silver production is treated as a gold equivalent converted at a ratio of 50:1.

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

# Business Philosophy – *Focus on Margins and Cash Flow*

*Rising* gold price environment – minimal risk of margin compression

*Marginal ounces most likely to contribute positively to cash flow*

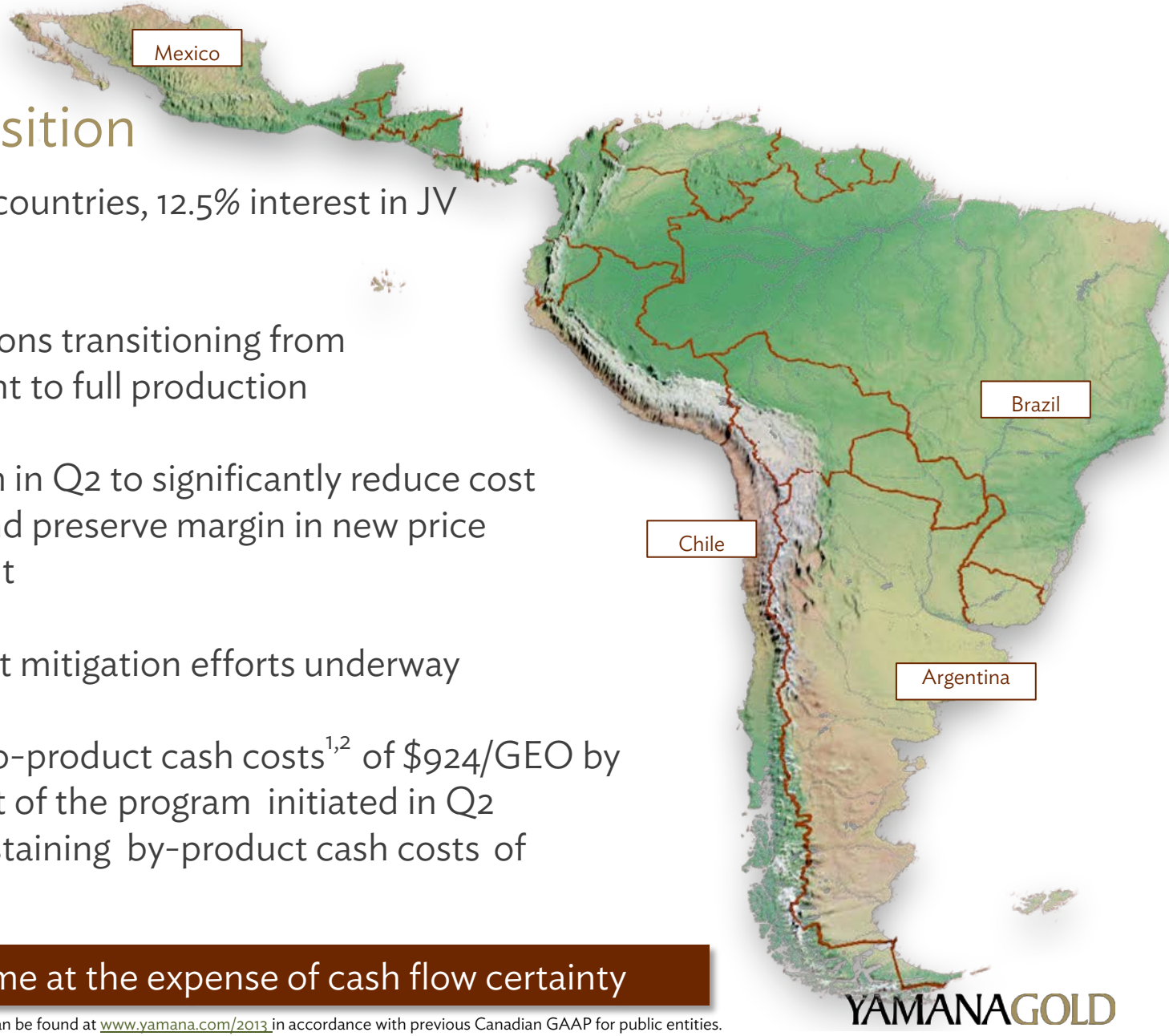
*Volatile* gold price environment – high risk of margin erosion

*Marginal ounces most at risk of eroding margins and cash flow*

Production growth is important but not at the expense of cash flow

# 2013
# A year of transition

- 10 operations in 4 countries, 12.5% interest in JV asset
- Three new operations transitioning from development to full production
- Initiated a program in Q2 to significantly reduce cost structure and preserve margin in new price environment
- Further capital cost mitigation efforts underway
- All-in sustaining co-product cash costs[1,2] of $924/GEO by year end as a result of the program initiated in Q2
  - 2013 all-in sustaining by-product cash costs of $814/GEO

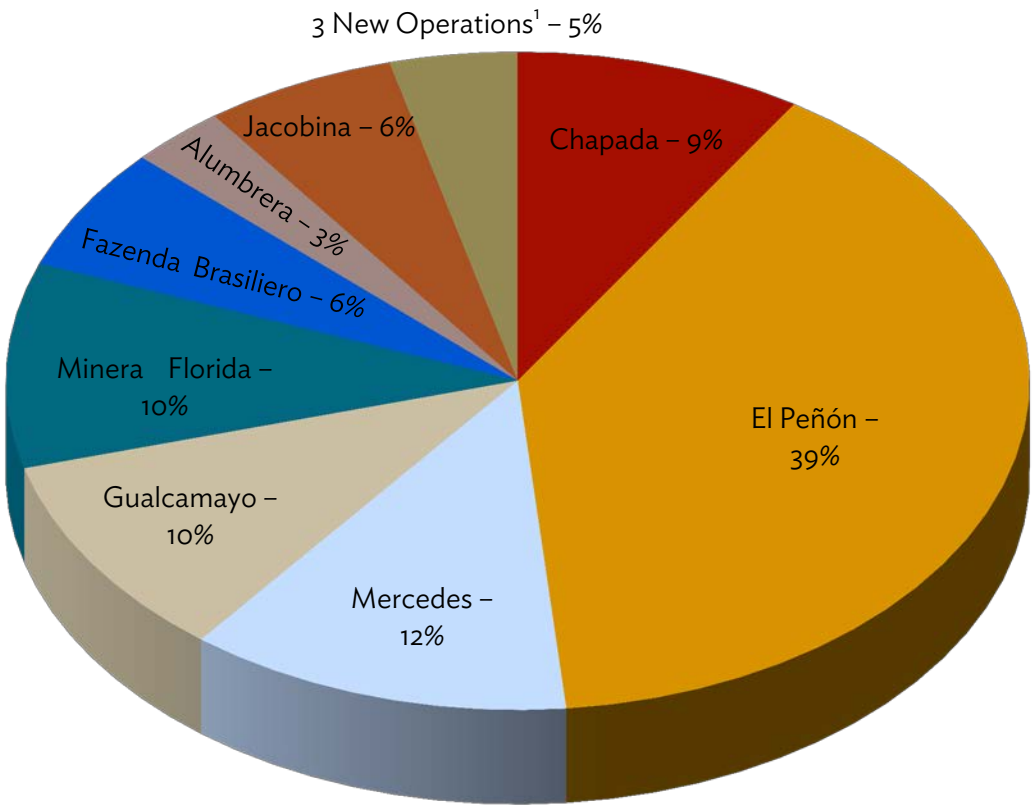



**Growth will not come at the expense of cash flow certainty**

1. A non-GAAP measure. A reconciliation of can be found at www.yamana.com/2013 in accordance with previous Canadian GAAP for public entities.
2. Includes cash costs, sustaining capital, corporate general and administrative expense, and exploration expense.

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# 2013 Full Year Production




- Total production: 1.2 million GEO
- Approx. 90% of production in 2013 within expectation
- Production from existing assets – stable and reliable in 2013
- Cash flow producing assets performed

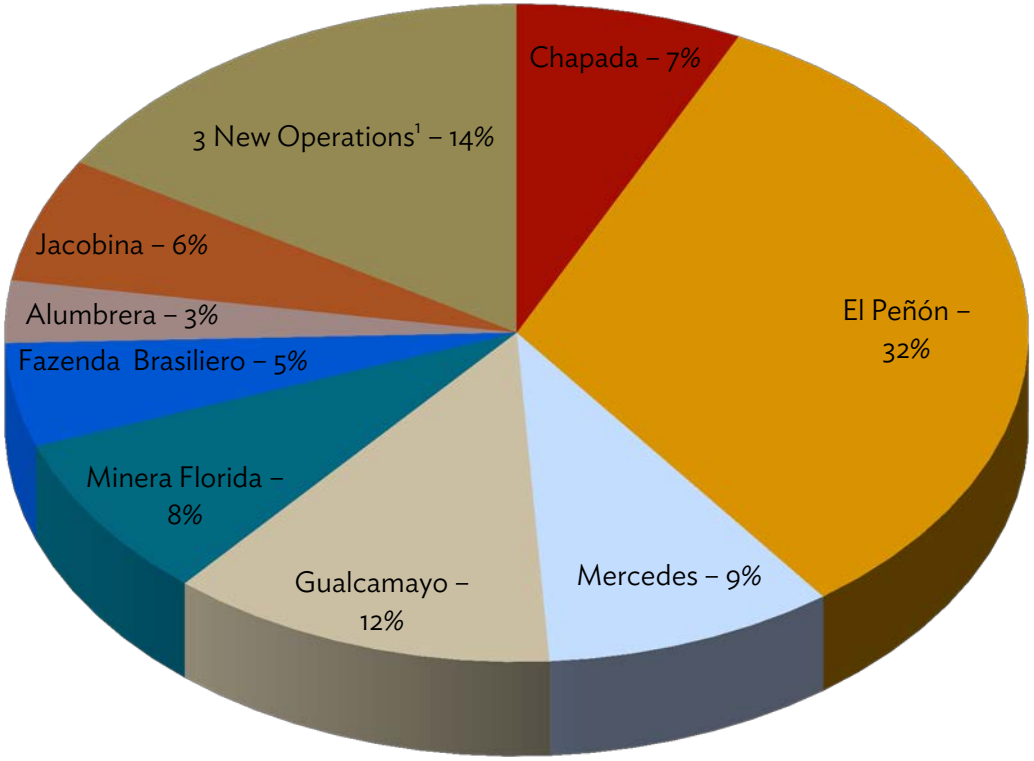
Continued performance from assets that contribute most to cash flow

1. New Operations include C1 Santa Luz, Ernesto/Pau-a-Pique, and Pilar.

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# 2014 Full Year Budgeted Production

**Production Budget – 1.4 M GEO**




- Budgeting process includes various evaluations to maximize confidence and reliability in forecasts
- Evaluations identified ounces with a comparatively lower level of certainty or reliability
  - For 2014, less than 5% of budgeted production within this category – approx. 70,000 ozs.
  - Most of these ounces within pre-commercial production
- 2014 production increases will result from new operations having completed ramp-up and with various planned optimizations
- Continued focus on cash flow generating assets

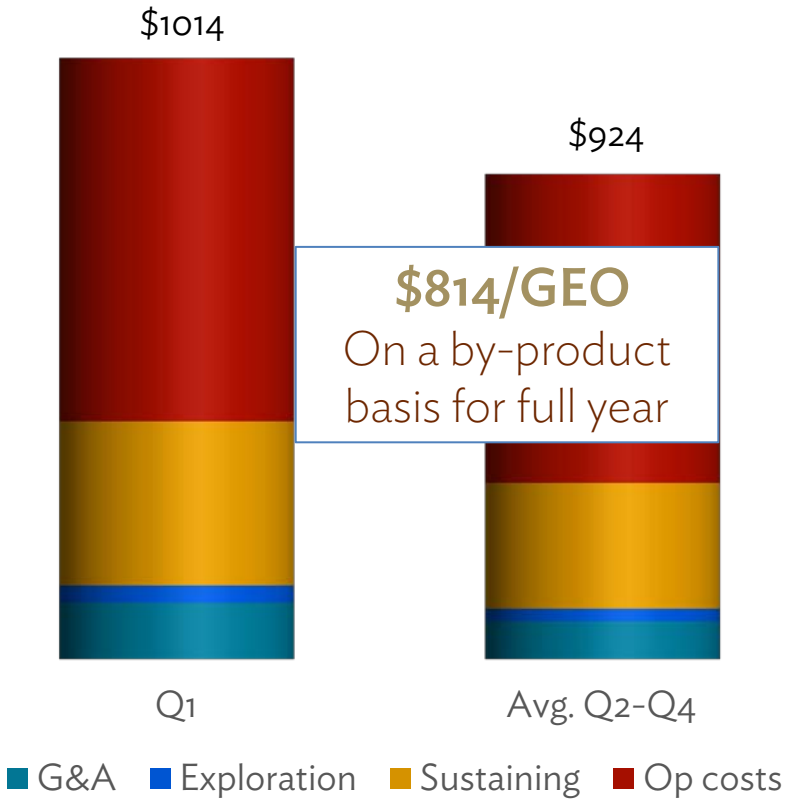
**Added confidence in 2014 budgeted production as new operations ramp-up**

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1. New Operations include C1 Santa Luz, Ernesto/Pau-a-Pique, and Pilar.

# 2013 Costs Stabilized at Sustainably Lower Level

## All-in Sustaining Co –Product Cash Costs ("AISC")[1,2]




Key areas of focus for 2014:

- Maintenance at mine sites – greater reliance on preventative maintenance
- Energy costs – reduced consumption through more efficient use of power and fuel; aggressive renegotiation of longer term supply contracts

**2014 AISC expected below $850/GEO by-product basis and $925 co-product basis**

**New contained cost structure sustainable going forward**

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# Focus on Generating Cash Flow

## 2013 Spot Gold Price




## 2013 Cash flow[1,3] per share



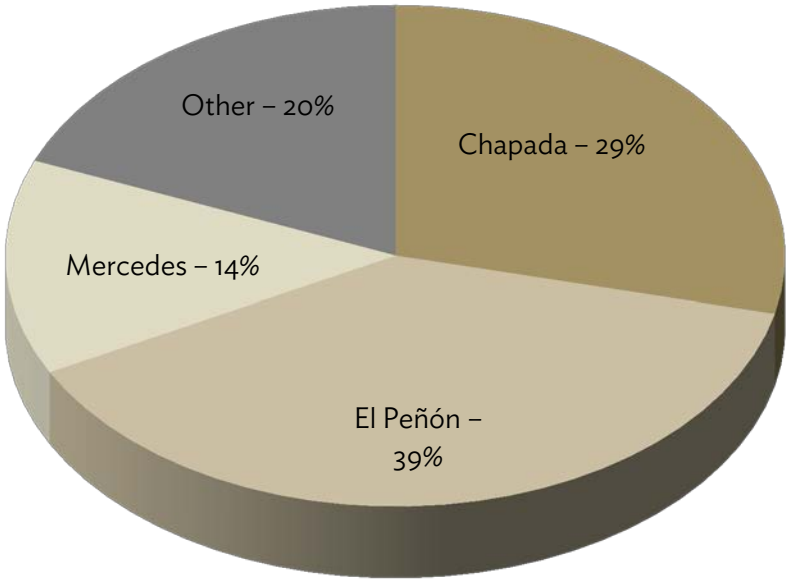

**After normalizing cash flow levels in Q2, trend is favourable**

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2. Operating cash flow from operating activities before changes in non-cash working capital.

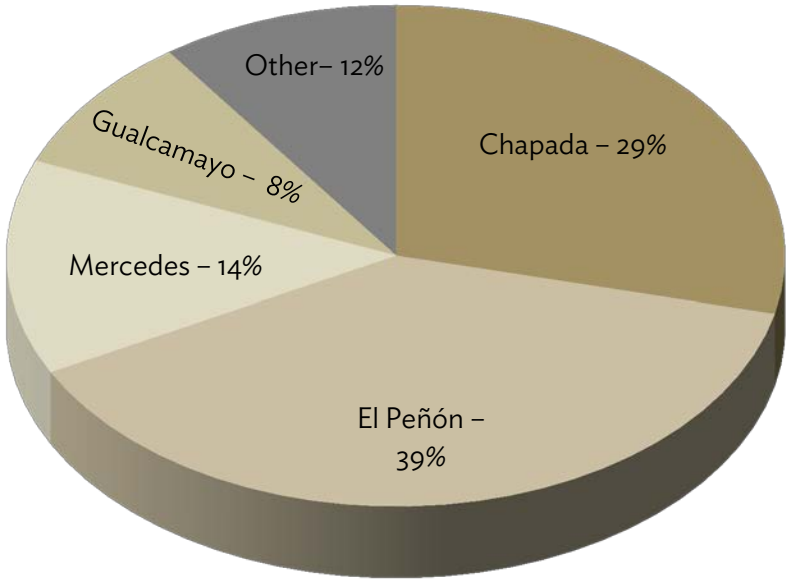
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# Contribution to 2013 Cash Flow[1,2]

Top 3 assets = 60% Production
Contribute 82% of cash flow




Top 4 assets = 70% Production
Contribute 90% of cash flow



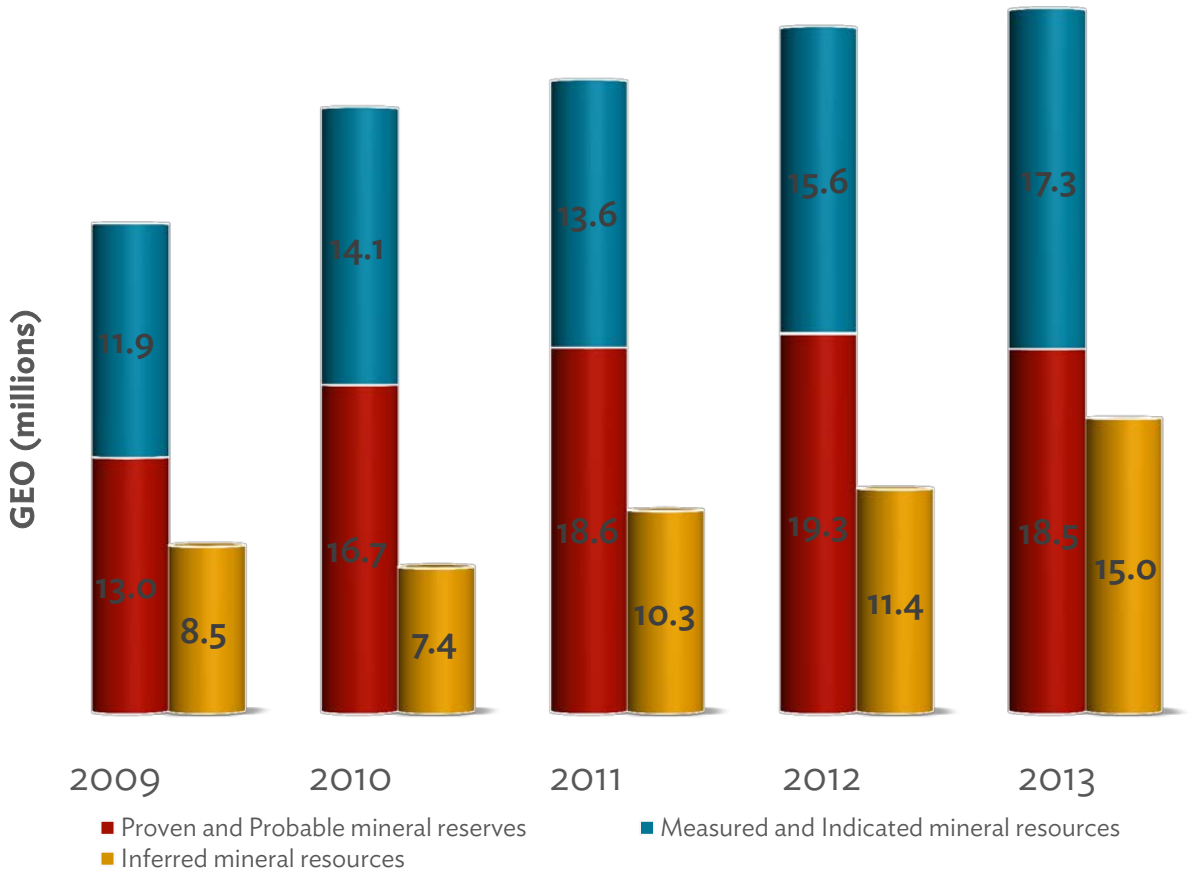

Over 85% of 2014 cash flow contribution expected from these mines

Cornerstone assets contributed significantly to cash flow generation

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2. Operating cash flow from operating activities before changes in non-cash working capital.

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# Building for the Future




- Total resources increased by 10% with a 5% grade increase
- Total inferred resources increased by 32%
- El Peñón resources increased by 100%, grade increased by 19%
- Mercedes resources increased by 26%
- Gualcamayo resources increased by 163%
- Minera Florida resources increased by 49%
- Maiden probable mineral reserve at Cerro Moro of 1.5M GEO at 24.34 g/t

**7th consecutive year of increasing mineral resources**

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Note: Refer to the Mineral reserves and Resources table available at www.yamana.com/2013 for further detail on Mineral Reserves and Resources discussed in this presentation.

# Operations Snapshot

## Chapada – Brazil

- Open pit copper-gold mine
- Cornerstone low cost operation with increasing production expected

**2014E production budget 103,000 GEO, 134 M lbs. copper**

## El Peñón – Chile

- Underground gold-silver mine
- Cornerstone low cost operation with a track record of replacing ounces mined

**2014E production budget 448,000 GEO**

## Mercedes - Mexico

- Underground gold-silver mine
- Continued to exceed expectations in second year of operations

**2014E production budget 129,000 GEO**

## Minera Florida - Chile

- Underground gold-silver mine
- Retreatment of historic tailings increasing production

**2014E production budget 114,000 GEO**

# Operations Snapshot

## Fazenda Brasileiro - Brazil

- Underground gold mine
- Proven track record of replacing mineral reserves

**2014E production budget 64,000 ozs.**

## Gualcamayo – Argentina

- Open pit gold mine – underground development complete (QDDLW)
- Production increases expected – QDDLW ramp-up in progress
- Sulphide processing study expected by end of 2014

**2014E production budget 170,000 ozs.**

## Jacobina - Brazil

- Complex of underground gold mines with a common plant
- Production expectation revised early in 2013, mine is sustainable at these levels until the development of higher grade areas is complete
- Costs and production improved throughout 2013 – expected to continue
- Focusing on underground development of higher grade areas

**2014E production budget 89,000 ozs.**

# New Operations

## C1 Santa Luz - Brazil

- Open pit gold mine
- Start-up slightly delayed
- Transitioning into fresh sulphide ore
- Implementing plans to improve recoveries including installation of a thickener and regeneration furnace
- Ramp-up progressing

**2014E production budget 90,000 ozs.**

## Pilar - Brazil

- Underground gold mine
- Caiamar expected to contribute to production by year-end
- Maria Lazarus in development
- Mining efficiency plan being implemented
- Opportunity with high grade ore shoots being evaluated
- Ramp-up progressing

**2014E production budget 90,000 ozs.**

## Ernesto/Pau-a-Pique - Brazil

- Combination open pit/underground gold mine
- New plan being implemented involving shallow underground at Ernesto with continued contribution from Pau-a-Pique
- Ramp-up progressing

**2014E production budget 58,000 ozs.**

# Production Budget Strategy

Evaluations performed to maximize level of confidence and reliability in forecast have identified ounces with lower relative level of certainty.

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Approx. 70,000 ounces or less than 5% of production budget in this category

# New Development Pipeline

## Cerro Moro

High grade gold / silver deposit

similar Mercedes and El Peñón

- Feasibility study initiated and expected completion in 2014
- Pre-development work initiated
- Production anticipated to begin in 2016

Probable mineral reserves[1]
1.53 M GEO - 2.0M tonnes @ 24.34 g/t AuEq
Mineral resources[1]
352,000 GEO - 1.8M tonnes @ 6.16 g/t AuEq
Inferred mineral resources[1]
486,000 GEO – 3.6M tonnes @ 4.25 g/t AuEq

### Development Plan for Smaller Scale Operation

- Capital costs expected - approx. $150M
- Operating costs[2] expected - below $450/oz.
- Throughput rate expected - below 750 tpd
- Production expected - approx. 150,000 GEO

## Suyai

High grade gold / silver deposit

similar Mercedes and El Peñón

Permit process to begin in 2014

Mineral resources[1]
2.4 M GEO – 4.7M tonnes @ 15.6 g/t AuEq;
Inferred mineral resources[1]
285,500 GEO – 0.9M tonnes @ 9.9 g/t AuEq

### Current plan being evaluated

- Underground operation
- Capital costs expected - approx. $220M
- Expecting to produce a precious metals concentrate
- Concentrate processing potentially off-site or direct sale of concentrate
- Throughput rate expected – approx. 1,200 tpd
- Production expected – approx. 150,000 GEO

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2. A non-GAAP measure. A reconciliation of can be found at www.yamana.com/2013 in accordance with previous Canadian GAAP for public entities.

# Striking the Balance

The importance of growth

*top line growth and bottom line growth*

The importance of cash distributions to shareholders

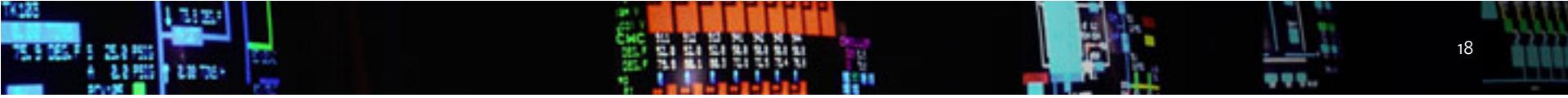
The importance of investment and returns

The importance of capital and cost discipline

The importance of value creation

# Strategic Direction

Reflecting a balance of
contained costs and increasing production
toward cash flow sustainability and
cash flow growth



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# Cautionary Note Regarding Mineral Reserves and Mineral Resources

CAUTIONARY NOTE REGARDING MINERAL RESERVES AND MINERAL RESOURCES: Readers should refer to the Annual Information Form of the Company for the year ended December 31, 2012 and other continuous disclosure documents filed by the Company since January 1, 2013 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 NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MINERAL RESERVES AND MINERAL RESOURCES

This Presentation 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 Presentation 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.