

A BALANCED APPROACH

# 2014 First Quarter Results

April 30, 2014

YAMANAGOLD

TSX: YRI | NYSE: AUY

# Cautionary Note Regarding Forward-looking Statements

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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, 2013 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, 2013 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.

# Speakers on the Call Today

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- Peter Marrone – Chief Executive Officer
- Ludovico Costa – Chief Operating Officer
- Charles Main – Chief Financial Officer
- William Wulftange – SVP, Exploration
- Darcy Marud – EVP, Enterprise Strategy

# Peter Marrone
# Chief Executive Officer

# Business Philosophy
## – *A Balanced Approach*

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### Strategic Direction

- Growth – top line and bottom line
- Capital and cost discipline
- Maximizing investment and returns
- Risk and reward
- Value creation
- Cash distributions to shareholders

**Focus on Cash Flow**

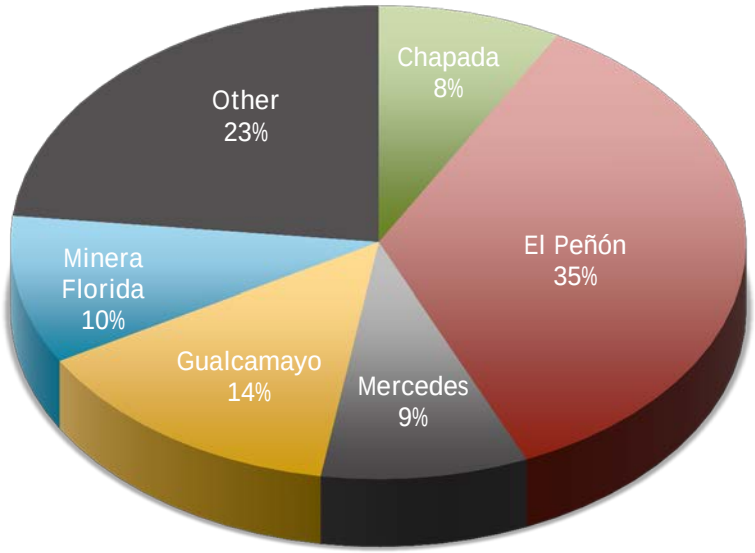
Production growth is important but not at the expense of costs and cash flow

# Consistent Performance from Core Assets

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## *Production & Cash Flow*

### Q1 Production By Asset




- Production in line with budget
- Costs remained in-line with established trend
- Stable and improving production initially expected from core and by year end all assets
- Core assets expected to contribute ~70% of production in 2014
- Core assets contribute more to the generation of cash flow

**Core assets delivered 80% of production & 98% of cash flow in 2013**
***Larger contribution expected in 2014***

# 2014 Production Growth

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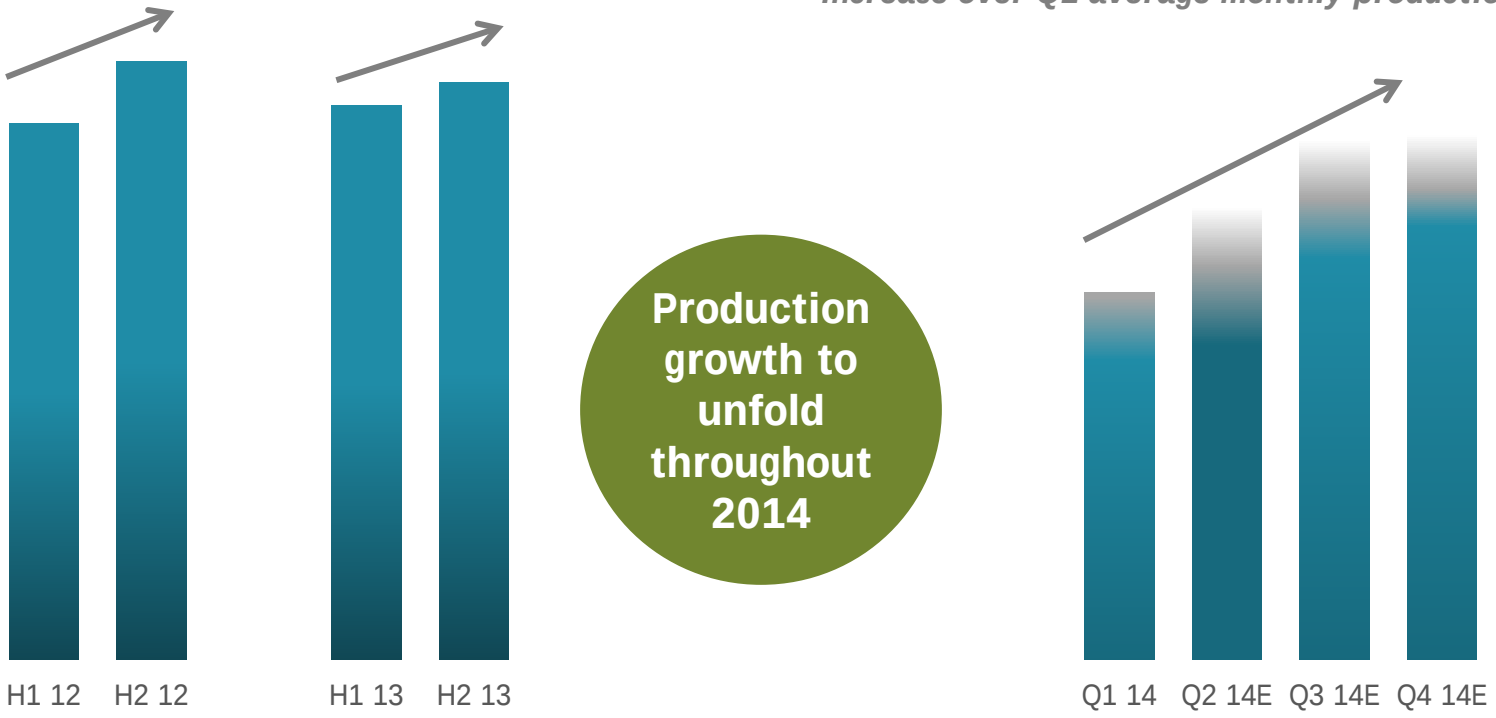
***Stronger second half production growth***

Established trend of production

Production growth accelerates in the second half

- Q1 production within budget expectation
- Year to date production 380,000 GEO –

***Q2 average monthly production planned for a 16% increase over Q1 average monthly production***




**Stronger second half production with quarter over quarter growth**

# Cash Flow Generating Capacity Increasing

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- Cash flow is expected to increase over the remainder of 2014
  - Capital spending declining
  - Exploration spending declining
  - Cash costs contained and stabilizing
  - Other costs continuing at newly established lower levels
  - Increasing production

**Cash flow in 2014 is expected to exceed baseline average cash flow level established in 2013**

$94M generated in cash flow in Q1

*$0.12 cash flow per share*

**Continued focus on balancing production growth & costs to sustain & grow cash flow**

# Acquisition Strategy
## - *A Balanced Approach*

- Mining friendly jurisdiction with proven mining competency
  - Located in Quebec, a mining friendly jurisdiction
- Focus on mid-size projects/acquisitions
  - Adding initial 300,000 ounces of annual production
- Maintain low cost structure
  - Costs consistent with current cost structure
- Maximize sustainable cash flow
  - Immediate cash flow contribution
- Conventional operations
  - Open pit with convention processing
- Potential to enhance value through exploration
  - Significant potential with Canadian Malartic and Kirkland Lake

On April 16, 2014, Yamana Gold and Agnico Eagle Mines announced they will jointly acquire Osisko Mining for total apportioned transaction value of C$1.67 billion. Yamana and Agnico Eagle will jointly own the Canadian Malartic mine, Kirkland Lake assets, and Hammond Reef project.

50% Canadian Malartic adds

**+4.7M oz.**

P&P reserves

Creating a larger resource base for future growth

Note: The transaction is subject to the approval of Osisko shareholders by a two thirds vote at a meeting to be held by the end of May 2014.

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Canadian Malartic Mine

# Accretive Across Key Per Share Metrics

- Robust returns with opportunities to further increase
- Increasing sustainable production level
- Maintaining and lowering cost structure
- Provides another cornerstone asset expected to contribute significantly to cash flow
- Positively contributes to mineral reserves and resources
- Accretive across key per share metrics

Note: The transaction is subject to the approval of Osisko shareholders by a two thirds vote at a meeting to be held by the end of May 2014.




Canadian Malartic Mine

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# Ludovico Costa
# Chief Operating Officer

# Operations Overview

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| Production | Q1 2014 |
|---|---|
| GEO | 271,908 |
| Gold | 228,371 |
| Silver | 2.2M |
| Copper (lbs Chapada) | 27.6M |

| Costs per GEO | Q1 2014 | |
|---|---|---|
| | By-product | Co-product |
| Cash Costs[1] | $450 | $640 |
| All-in Sustaining Cash Costs ("AISC")[1,2] | $820 | $975 |

**Q1 production within budget expectation – growth expected**

1. A non-GAAP measure. A reconciliation of non-GAAP measures can be found at www.yamana.com/Q12014
2. Includes cash costs, sustaining capital, corporate general and administrative expense, and exploration expense.

# Operations Snapshot
## *Chile and Mexico*

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| | Q1 2014 | |
|---|---|---|
| | Production (GEO) | Cash Costs [1,2] (per GEO) |
| El Peñón - Chile<br>• Production in Q1 exceeded budget<br>• Lower feed grades consistent with mine plan<br>• Grades at higher levels from Q2 | 96,165 | $532 |
| Minera Florida – Chile<br>• Cash costs down 15% year-over-year<br>• Continuous execution of cost improvement initiatives | 28,315 | $630 |
| Mercedes – Mexico<br>• Lower grade sequence of the mine in Q1, as expected<br>• Grades at higher levels from Q2 | 25,460 | $655 |

1. Cash Costs on a co-product basis.
2. A non-GAAP measure. A reconciliation of non-GAAP measures can be found at www.yamana.com/Q12014

# Operations Snapshot – *Brazil*

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| | Q1 2014 | |
|---|---|---|
| | Production (GEO) | Cash Costs[1,2] (per GEO) |
| **Chapada**<br>• In-pit crusher expected to be in commissioning by end of Q214<br>• Corpo Sul contribution beginning in Q314<br>• Grades at higher levels from Q2 | 21,710<br>27.6M lbs Cu | $489<br>$1.84/lb |
| **Jacobina**<br>• April production of ~6,000 oz in line with revised mine plan set in 2013<br>• Remediation plan to improve production in effect by Q314<br>• Grades at higher levels from Q2 and over 2.0 g/t in Q4 | 14,853 | $1,245 |
| **Fazenda Brasileiro**<br>• Several initiatives underway to meet production target | 12,693 | $958 |

1. Cash Costs on a co-product basis.
2. A non-GAAP measure. A reconciliation of non-GAAP measures can be found at www.yamana.com/Q12014

# Operations Snapshot
## Brazil - *New Operations*

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| | Q1 2014 Production (GEO) |
|---|---|
| **Pilar – Brazil**<br>• Production increased 13% from Q413<br>• Use of new low profile equipment began in March<br>• Tightening drill spacing for higher grade areas<br>• Advancing development of Maria Lazarus<br>• Progress toward commercial production in Q3 (unchanged)<br><br>Targeted annual production level of 100,000 oz | 11,885 |
| **C1 Santa Luz - Brazil**<br>• Thickener and regeneration kiln to improve recoveries<br>• Installed thickener in April<br>• Progress toward commercial production in Q3 (unchanged)<br><br>Targeted annual production level of 120,000 oz | 6,720 |

# Operations Snapshot
## *Argentina*

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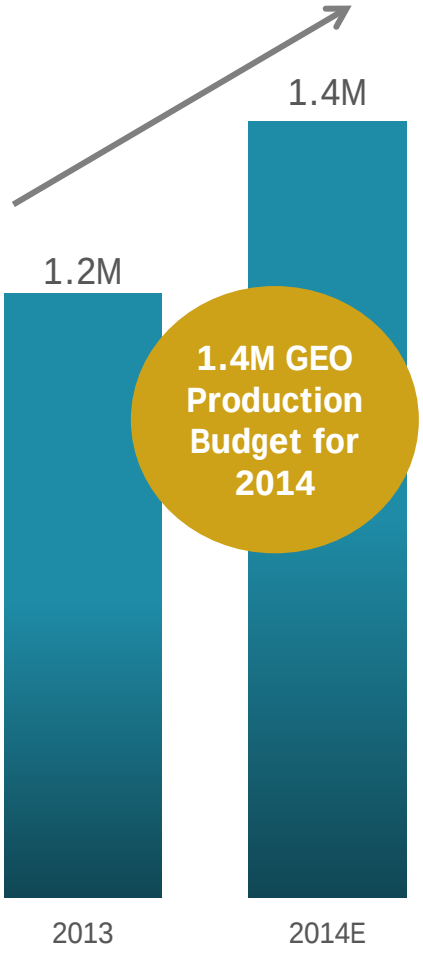
| | Q1 2014 | |
|---|---|---|
| | Production (GEO) | Cash Costs [1,2] (per GEO) |
| Gualcamayo<br>• 28% increase in production year-over-year and 10% increase over 4Q13<br>• Higher grades from contribution of AIM and QDDLW underground | 38,481 | $739 |

**Other attributable production of 15,626 GEO**

1. Cash Costs on a co-product basis.
2. A non-GAAP measure. A reconciliation of non-GAAP measures can be found at www.yamana.com/Q12014

# Delivering on Production Growth
## *Throughout 2014*

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- Budgeted production of 1.4M GEO* in 2014

  * 70,000 GEO of budgeted production are deemed to have a lower level of relative certainty

  - Total production for first four months of the year totaled approximately 380,000 GEO
  - Q2 average monthly production expected to be 16% higher than average monthly production in Q1
  - Improved grades and production expected at El Peñón, Chapada, Mercedes, and Jacobina

**Continued production growth expected to deliver**

# Charles Main
# Chief Financial Officer

# Delivering Financial Performance

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| | Q1 2014 |
|---|---|
| **Revenue** | $353.9M |
| Production (GEO)[1] | 271,908 |
| Production Copper – Chapada (Mlbs) | 27.6M |
| **Adjusted Earnings[2]** | $12.1M |
| per share: | $0.02 |
| **Operating cash flow[2,3]** | $93.6M |
| per share: | $0.12 |

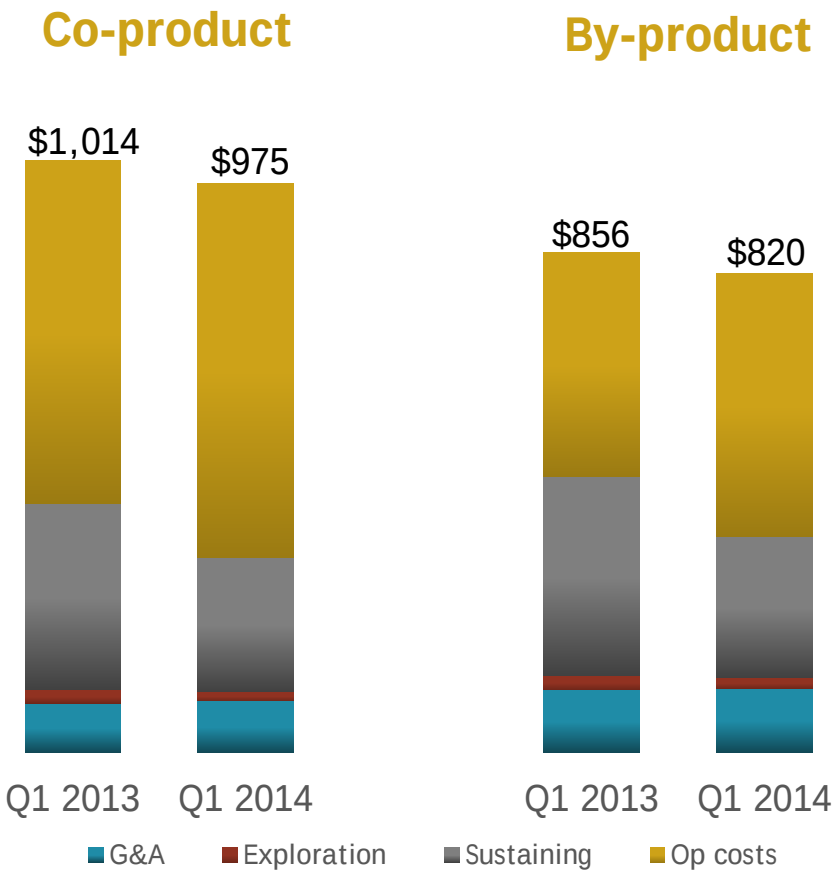
1. Production includes commissioning. 2. A non-GAAP measure. A reconciliation of non-GAAP measures can be found at www.yamana.com/Q12014 in accordance with previous Canadian GAAP for public entities. 3. Operating cash flow generated from operations before changes in non-cash working capital in accordance with Canadian GAAP for public entities.

# Lower AISC Cost Structure

## *Established & Improving*

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### All-in Sustaining Cash Costs[1,2]




- Cost structure successfully contained over 2013
- Newly established average lower AISC structure sustainable
- Costs are expected to decline over the year, on trend with 2013

**2014 average AISC expected *below***
**$925/GEO Co-product**
**&**
**$850/GEO By-product**

**New cost structure sustainable, longer term initiatives underway**

1. A non-GAAP measure. A reconciliation of can be found at www.yamana.com/Q12014 in accordance with previous Canadian GAAP for public entities.
2. Includes co-product cash costs, sustaining capital, corporate general and administrative expense, and exploration expense.

# Robust Balance Sheet

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| | |
|---|---|
| Cash & Available Credit | $920M |
| Cash & Cash Equivalents | $210M |
| DD&A | $112M |
| Corporate G&A | $31M |
| Exploration Expense | $5M |
| Capital Expenditure | $146M |

**Corporate G&A**
decreased by 14%
from Q1 2013




**Capital Expenditures**
decreased by 39%
from Q1 2013




**Flexibility and liquidity added – further strengthening balance sheet**

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**William Wulftange**
**SVP, Exploration**

# 2014 Exploration Objectives

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- Focus on upgrading and conversion of 2013 Mineral Resource increases to Mineral Reserves
- Discover new high quality ounces at select existing operations
- Do More with Less

**$70M**
Exploration Budget

**Allocate to opportunities most quickly able to contribute to cash flow**

# 2014 Exploration Focus

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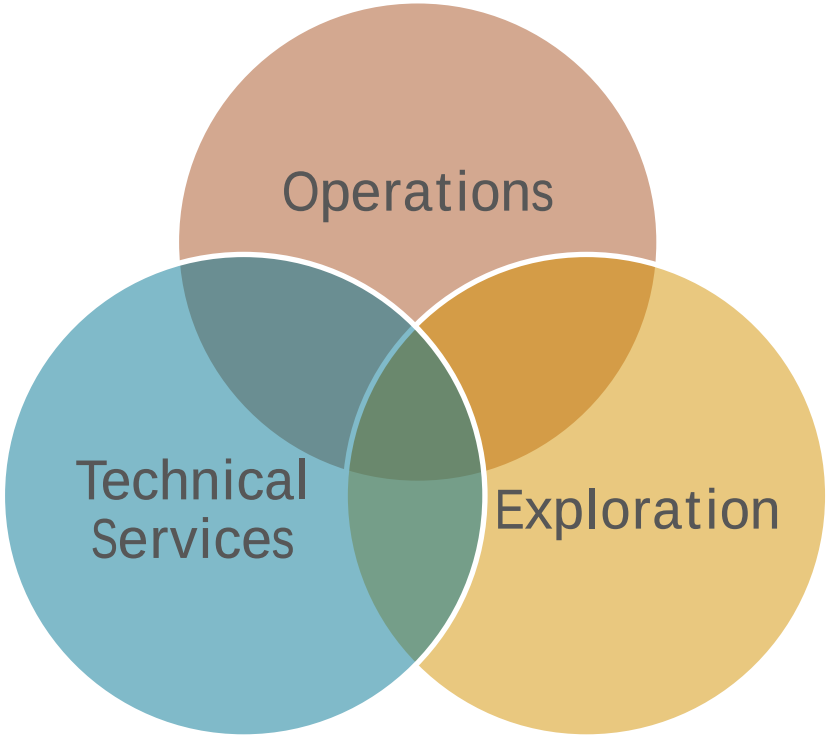
| | |
|---|---|
| El Peñón | • Surface and underground, infill and exploration drill program to provide new mineral resources and upgrade existing resources |
| Chapada | • 12,000 metre drill program within the known mine area and 9,700 metre program on targets found through near-mine and regional mapping |
| Cerro Moro | • Detailed sampling of prospective targets in the Escondida and La Negra blocks<br>• Confirm values in the mineral resource and reserve models |
| Gualcamayo | • Expand Rodado southwest mineral ore body<br>• Test new areas for near surface oxide potential<br>• Collect core from sulphide zone for metallurgical work and sulphide feasibility study |
| Mercedes | • Test for extension of known ore bodies along the Mercedes-Barrancas-Marianas trend |
| Minera Florida | • Develop new targets through surface mapping and sampling |
| Pilar | • Test moderate to high grade indicated and inferred mineral resource shoots to expand the mineral resource and reserve base |

**$16 million spent on exploration in Q1 2014**

# Darcy Marud
# EVP, Enterprise Strategy

# The Role of Enterprise Strategy

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- Integrator of technical disciplines
- Leveraging combined expertise to better focus on corporate strategy
- Approach ensures value maximization from development of a property through to operations

**Strategic integration to further maximize value**

# Results of Updated Cerro Moro Feasibility Study

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## Mining and Processing Methods

- Small open pits for first 3 years, followed by development of underground areas
- Phase one: crushing, grinding, and gravity recovery, producing a gold/silver doré
- Phase two: addition of flotation circuit and Merrill-Crowe plant to enhance recovery rates

## Operating and Economic Highlights

- Estimated initial capital cost: $126M
  - Detailed engineering to confirm
- Estimated sustaining capital cost: $174M or $116 per GEO
  - $133M for underground development
- Annual production: 150,000 GEO
- LOM cash costs: $352 per GEO
- LOM AISC: $525 per GEO
- Mine life: 10 years
- Expected to generate significant cash flow and robust returns







**Disciplined capital allocation driving robust rate of return**

# Project Pipeline

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## Suyai, Argentina

High grade gold / silver deposit similar Mercedes and El Peñón

**Current plan**

- Underground operation
- Initial capital costs expected - approx. $220M
- Initial throughput rate expected – approx. 1,150 tpd
- Production expected – approx. 150,000 GEO
- AISC consistent with existing cost structure
- Application for EIS underway for exploration and development work

Plans advancing to take Suyai through permitting in 2014

Mineral resources
2.4 M GEO – 4.7M tonnes @ 15.6 g/t AuEq;

Inferred mineral resources
285,500 GEO – 0.9M tonnes @ 9.9 g/t AuEq

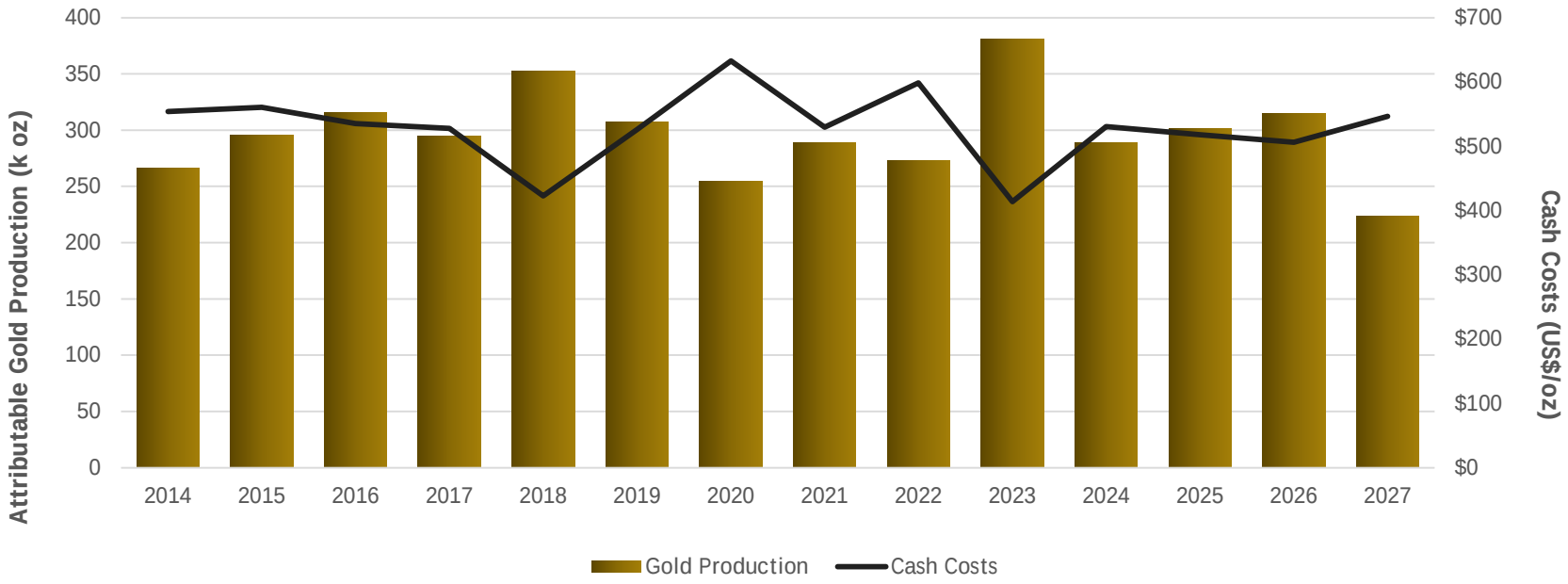
**Planning access for renewed exploration in Q3 2014**

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.

# Canadian Malartic
## *Another cornerstone asset*

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- Canada's largest gold mine, located in the Abitibi Gold Belt in Québec
- Open-pit bulk tonnage operation and 55,000 tonnes/day mill started operating in 2011
- Average annual production attributable to Yamana of ~300k ozs.
- Life of mine AISC under $800/oz.

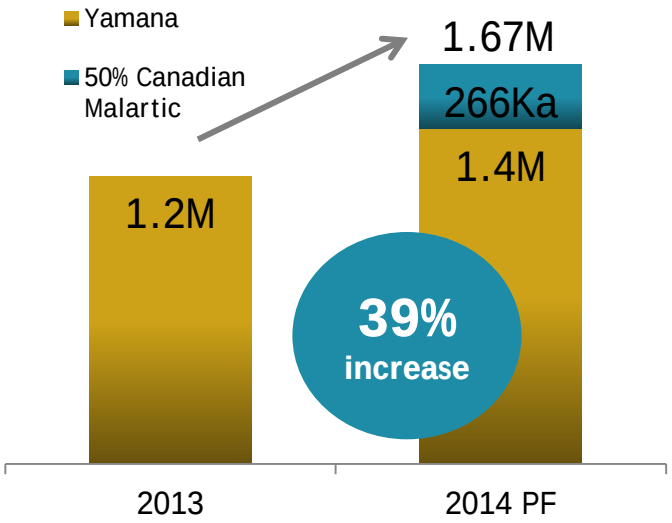


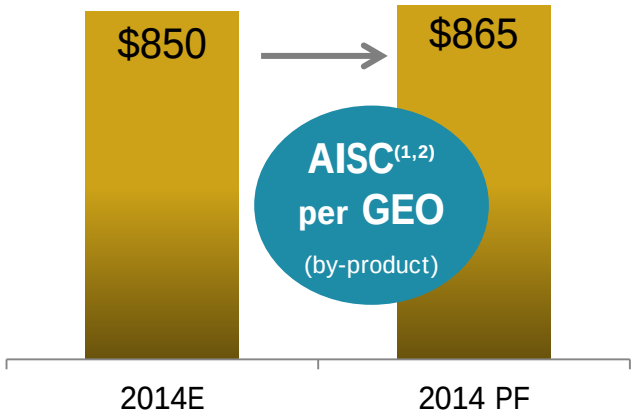

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# Improving Key Metrics

## *Contributing to increasing cash flow*

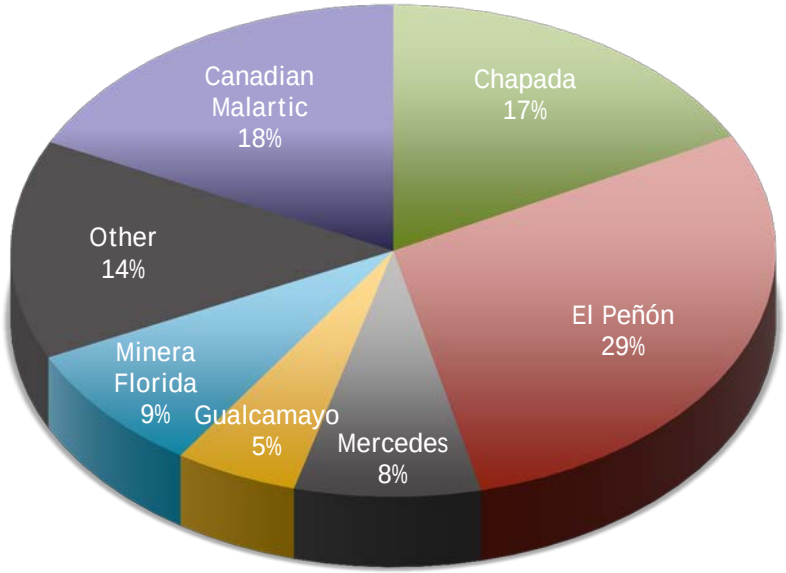
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**Cash Flow**(1)

2014 Pro Forma Contribution By Asset




**Significant contribution to short and long term cash flow**

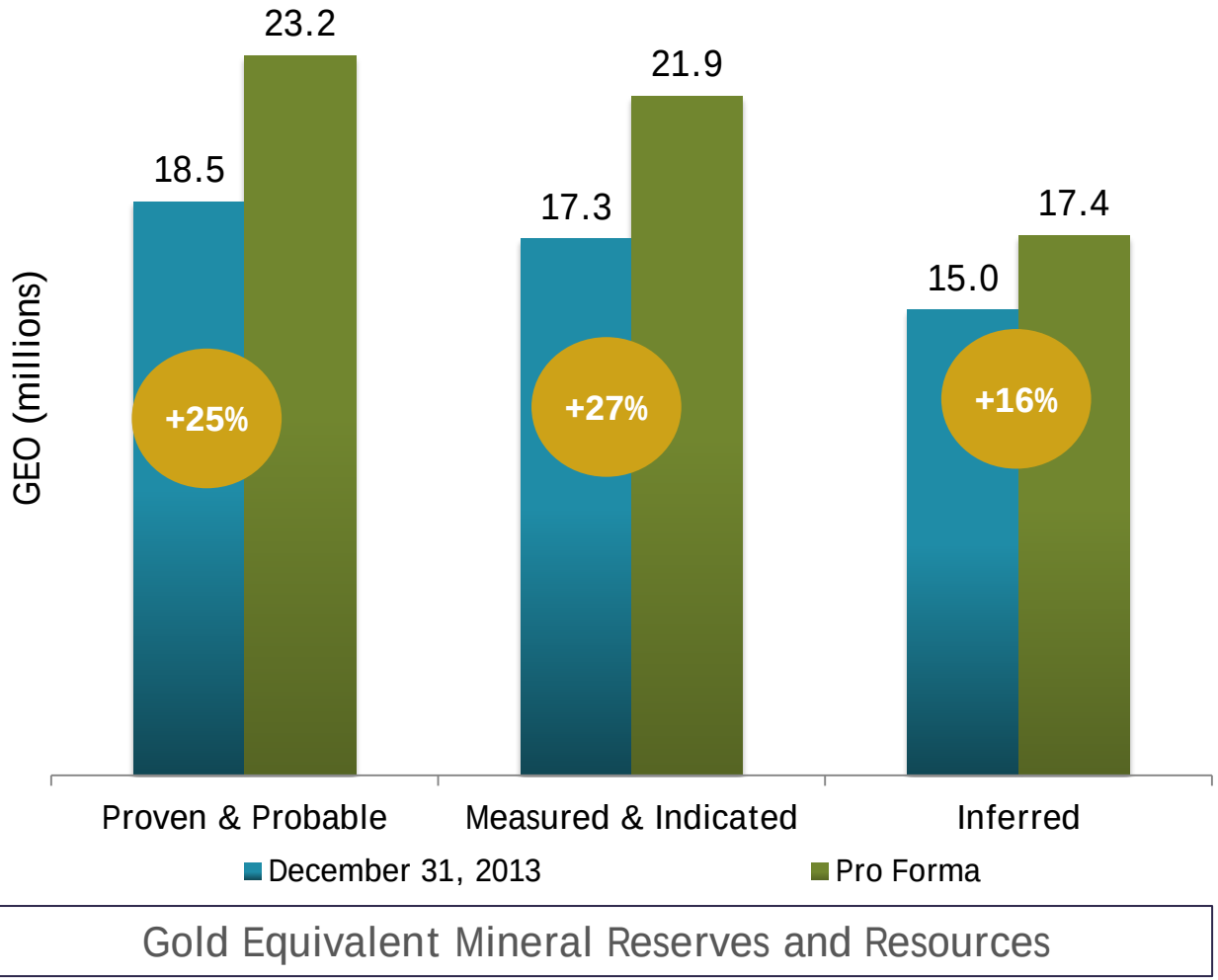
**Increasing sustainable production levels and cash flow generation**

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.
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# Significant Reserve and Resource Growth

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Gold Equivalent Mineral Reserves and Resources

Canadian Malartic average reserve grade of **1.04** g/t exceeds Yamana's average grade of **0.90** g/t

**Significantly increasing reserves and resources per share metrics**

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

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# Expanding Project Pipeline

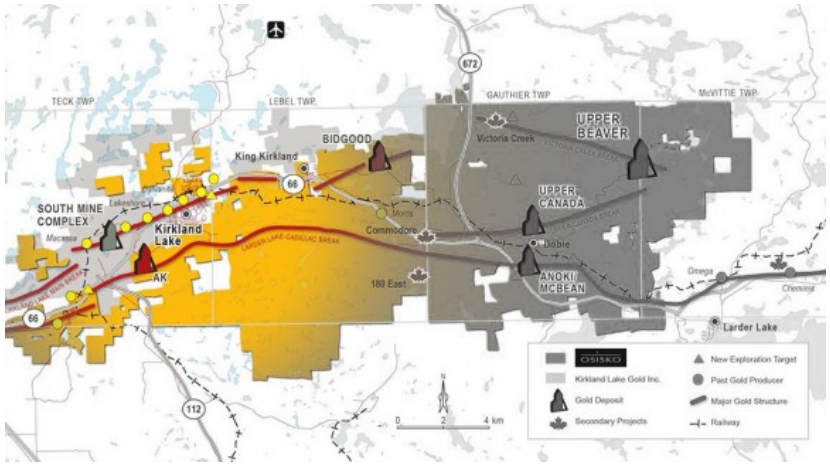
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## *Prospective Exploration Properties Added*

### Kirkland Lake[(1)], Ontario

- High grade gold in 5 deposits to feed central mill at Upper Beaver
- Shaft + collar completed
- Current drill program – high grade results

M&I Mineral Resources: 2.2M oz Au
Inferred Resources: 1.9M oz Au




### Hammond Reef[(2)], Atikokan, Ontario

- Open-pit bulk tonnage gold deposit
- Similar to Canadian Malartic
- Permitting underway

M&I Mineral Resources: 5.4M oz Au
Inferred Resources: 1.8M oz Au



**Further opportunity to expand resources and advance projects**

1. NI 43-101 Measured and Indicated Resources: 12.9 Mt @ 4.98 g/t Au and Inferred Resources: 13.0 Mt @ 4.50 g/t Au
2. NI 43-101 Measured and Indicated Resources: 196.4 Mt @ 0.86 g/t Au and Inferred Resources: 75.7Mt @ 0.72 g/t Au

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# Peter Marrone
# Chief Executive Officer

# A Balanced Approach

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

**1.5M+ GEO**

**LONGER TERM PRODUCTION TARGET**

Balancing production growth and costs to sustain and grow generation of cash flow

