





**Yamana Gold Inc.**

Attachment to Form 8937

***Item 10 – CUSIP Number***

NYSE:AUY- 98462Y100

TSE:GBAR- 609161104

**Tax Basis Information Required Under Section 6045B of the Internal Revenue Code**

**PART II: ORGANIZATIONAL ACTION**

***CONSULT YOUR TAX ADVISOR***

The information contained herein (the “Tax Information” is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Arrangement (as defined below) on the tax basis of common shares of Yamana Gold Inc. (“Yamana” and such common shares “Yamana Shares”) and common shares of Corporation Minière Monarch/Monarch Mining Corporation (“SpinCo” and such common shares “SpinCo Shares”) received in the Arrangement in exchange for common shares of Monarch Gold Corp. (“Monarch” and such common shares “Monarch Shares”). The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Yamana does not provide tax advice to its stockholders. The example provided below is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to stockholders and their tax advisors when determining their specific tax positions under their own specific facts. You are urged to consult your own tax advisor regarding the particular consequences of the Arrangement to you, including the applicability and effect of all U.S. federal, state and local and foreign tax laws.

We urge you to read the NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR, filed by Monarch with the Canadian Securities Administrators on the System for Electronic Document Analysis and Retrieval (SEDAR) and dated as of November 30, 2020 (the “Circular”), particularly the discussion beginning on page 88 under the heading “CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS.”

***Item 14 – Description of organizational action***

On January 21, 2021 Yamana acquired Monarch pursuant to the arrangement agreement entered into between Monarch and Yamana on November 1, 2020, as amended on November 19, 2020 (the “Arrangement Agreement”). Pursuant to the terms and conditions of the Arrangement Agreement, Yamana acquired all of the issued and outstanding Monarch Common Shares, following the transfer of certain assets and liabilities of Monarch to Spinco.

Pursuant to the Arrangement Agreement, each holder of Monarch Shares received C\$0.192 in cash, 0.0376 of a Yamana Share, and .20 of a Spinco Share for each Monarch Share (such transaction the “Arrangement” and the shares received the “New Shares”). Upon the closing of the Arrangement, Monarch Shares, which traded under the symbol MRQRF ceased trading on, and were delisted from, the Toronto Stock Exchange.

***Item 15 – Description of the quantitative effect of the organization action on the basis of the security in the hands of the U.S. taxpayer as an adjustment per share or as a percentage of old stock basis***

The Arrangement is expected to qualify as a single integrated transaction which qualifies as an exchange for U.S. federal income tax purposes. Accordingly, a U.S. Holder would generally recognize gain or loss equal to the difference, if any, between (i) the sum of the U.S. dollar value of the cash and the fair market value of the New Shares received and (ii) such U.S. Holder’s adjusted tax basis in the Monarch Shares surrendered in exchange therefor. A U.S. Holder’s basis in each of the Yamana Shares and the SpinCo Shares will be equal to the fair market value of such shares. The holding period in such shares will begin on the day after the date of the Arrangement.

There can be no assurance, however, that that IRS would not challenge this treatment as a single transaction and seek to treat the distribution of SpinCo Shares to Monarch Shareholders as separate from the subsequent sale of Monarch Shares for Yamana Shares and cash. Please see the section “CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS” in the Circular for more information

In either case, a Monarch shareholder’s basis in the Yamana Shares and the SpinCo Shares it received in the Arrangement would be the fair market value of such shares as of the closing of the Arrangement.

***Item 16 – Description of the calculation of the change in basis and the data that supports the calculation***

A Monarch shareholder’s tax basis in the Yamana Shares and the SpinCo Shares it received in the Arrangement will equal the fair market value of such Yamana Shares and Spinco Shares as of January 21, 2021, the effective date of the Arrangement. Although there is no authority directly on point, Yamana believes that the best indication of the fair market value of Yamana Shares on January 21, 2021 for U.S. federal income tax purposes is U.S. \$5.29 per share, being the opening price of the Yamana Shares on the New York Stock Exchange on January 21, 2021. Although there is no authority directly on point, Yamana believes that the best indication of the fair market value of SpinCo Shares on January 21, 2021 for U.S. federal income tax purposes is U.S. \$0.513565 per share, being the opening price of the SpinCo Shares on January 26, 2021, the first day SpinCo Shares were listed on the Toronto Stock Exchange, converted into U.S. dollars using the CAD-USD Bank of Canada closing wholesale rate on January 20, 2021 of 0.7901.

***Item 17 – List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based***

The Arrangement is expected to qualify as a single integrated transaction which qualifies as an exchange for U.S. federal income tax purposes. In general, the income tax consequences to the former shareholders of Monarch Shares are determined under Sections 1001, 1012 and 1221.

If the Arrangement is not treated as a single integrated transaction and instead is treated as if the distribution of SpinCo Shares to Monarch Shareholders is separate from the subsequent sale of Monarch Shares for Yamana Shares and cash, then, in general, the income tax consequences to the former shareholders of Monarch Shares are determined under Sections 302, 1001, 1012 and 1221.

***Item 18 – Ability of any resulting loss to be recognized***

Former shareholders of Monarch Shares will generally recognize gain or loss equal to the difference, if any, between (i) the sum of the U.S. dollar value of the cash and the fair market value of the Yamana Shares and the SpinCo Shares received and (ii) such U.S. Holder's adjusted tax basis in the Monarch Shares surrendered in exchange therefor.

***Item 19 – Provide any other information necessary to implement the adjustment***

The Arrangement became effective on January 21, 2021; therefore the reportable tax year is 2021. Please note that some brokerage houses might not use the information provided in this document, and the information is only provided as an example of one potential method of determining cost basis. There are various ways brokerage houses may make the cost basis determination. Please contact your individual brokerage house to determine which calculation they may have used and contact your tax advisor for additional information and clarification.