



August 24, 2007

Ontario Securities Commission
Suite 1800, Box 55
20 Queen Street West
Toronto ON M5H 3S8

Attention: John Stevenson, Secretary to the
Commission

TIMOTHY PINOS



Certified as a Specialist
in Civil Litigation

tpinos@casselsbrock.com
tel (416) 869-5784
fax (416) 350-6903
file # 26398-11

Dear Sirs:

Re: Offer by Yamana Gold Inc. ("Yamana") to Purchase all of the outstanding Shares (the "Offer") of Meridian Gold Inc. ("Meridian")

Application for relief under section 127 of the *Securities Act* (Ontario)

We are counsel to Yamana in connection with this application.

On June 27, 2007, Yamana publicly announced the entering into of a business combination agreement (the "Letter Agreement") with Northern Orion Resources Inc. ("Northern Orion") to acquire all of the issued and outstanding shares of Northern Orion, and a concurrent proposal by Yamana to Meridian Gold Inc. ("Meridian") to acquire all of the issued and outstanding shares (the "Shares") of Meridian, intended to result in a strategic three-way business combination of Yamana, Northern Orion and Meridian. On July 19, 2007, Yamana executed a definitive business combination agreement with Northern Orion, as amended (the "Agreement"), and on July 20, 2007, Yamana made a formal offer (the "Offer") to acquire Meridian. The Offer was subsequently varied and extended by Yamana on August 14, 2007, and now expires on September 7, 2007 (the "Expiry Date").

Yamana hereby applies for an order pursuant to section 127 of the *Securities Act* (Ontario) (the "Act") in connection with the Offer and Meridian's Shareholder Rights Plan Agreement (the "Rights Plan") dated April 21, 1999, and amended May 7, 2002 and February 22, 2005.

In this application, Yamana seeks the following relief:

- a) a permanent order pursuant to section 127 of the *Act*, effective no later than 9:00 AM EDT on September 7, 2007, that trading cease in respect of



CASSELS BROCK
LAWYERS

John Stevenson,
Secretary to the Commission
Page 2

- any securities issued, or to be issued, under or in connection with the Rights Plan (including without limitation, in respect of the rights issued under the Rights Plan (the "Rights") and the common shares to be issued on the exercise of the Rights;
- b) A permanent order removing prospectus exemptions in respect of the exercise of the Rights and the issuance of Shares upon such exercise; and
 - c) to the extent necessary, a temporary order pursuant to subsection 127(5) of the Act suspending the operation of the Rights Plan, or providing that any Rights that have been or may be issued thereunder shall not separate from the Shares or become exercisable or trade separately from the Shares until such time as the matters raised in this request for a hearing have been finally disposed of by the Commission; and
 - d) Such further and other relief as the Commission deems appropriate.

Overview of Yamana's Position

1. Yamana submits that it is in the public interest that the Rights Plan be terminated immediately for the following reasons:
 - a) By the Expiry Date, September 7, 2007,
 - (i) 84 days will have elapsed since Meridian was first contacted by Yamana and advised of Yamana's proposal to complete a three-way business combination involving Meridian and Northern Orion, and the terms of that proposed acquisition;
 - (ii) 72 days will have elapsed since the date Yamana made and announced a formal proposal to acquire Meridian;
 - (iii) 49 days will have elapsed since Yamana commenced the Offer; and
 - (iv) No alternative bid or transaction has emerged, despite the stated efforts of Meridian and its financial advisors.



- b) By the Expiry Date, potential acquirers will have had adequate time to assess Meridian and make an offer. No competing bidder has emerged, and there is little likelihood of a competing bidder emerging.
- c) There is no reasonable prospect that the Rights Plan, if permitted to continue, will result in an alternative bid or transaction that would be financially superior to the Offer.
- d) The Offer is neither coercive nor unfair.
- e) Having regard to the passage of time since the announcement of Yamana's formal proposal to acquire Meridian, and the commencement of the Offer, the continued operation of the Rights Plan and Meridian's refusal to waive the operation of the Rights Plan constitute an improper defensive tactic.
- f) Yamana has already extended the Offer once, and no decision has been made at this time by Yamana to extend the Offer beyond the Expiry Date.

Summary of Material Facts

2. The following summary is taken from the affidavit of Ted Hirst, sworn August 24, 2007 (the "Yamana Affidavit") and the facts set forth in Yamana's Offer to Purchase and Circular (the "Yamana Offer"), the Meridian Directors' Circular (the "Meridian Circular"), and Yamana's Notice of Extension and Variation (the "Extended and Varied Offer"), all of which are attached to the Yamana Affidavit.

The Parties

3. Yamana is a corporation existing under the laws of Canada with its principal and head office located in Toronto, Ontario.

4. Yamana is a Canadian gold producer with significant gold production, gold development stage properties, exploration properties, and land positions in Brazil, Argentina, and Central America. Yamana is producing gold at intermediate company production levels. In addition, Yamana produces a significant amount of copper.



John Stevenson,
Secretary to the Commission
Page 4

5. The authorized capital of Yamana consists of an unlimited number of common shares ("Yamana Common Shares") and 8,000,000 first preference shares, series 1. As of August 22, 2007, 355,283,123 Yamana Common Shares and nil first preference shares, series 1, were issued and outstanding.
6. The Yamana Common Shares are listed on the Toronto Stock Exchange (the "TSX"), the New York Stock Exchange (the "NYSE"), and the London Stock Exchange (the "LSE").
7. As at the close of business on August 1, 2007, Yamana had a market capitalization in excess of C\$4 billion.
8. Yamana and its affiliates do not own any Shares of Meridian.
9. Meridian is a corporation existing under the laws of Canada with its principal and head office located in Reno, Nevada and its registered office located in Toronto, Ontario.
10. Meridian is a gold producer with revenue producing properties located in Chile and Nevada. Meridian is engaged in exploration projects in Chile, Mexico, Nicaragua, Peru, and the United States.
11. The authorized capital of Meridian consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As at July 16, 2007, 101,203,037 Shares and nil preferred shares were issued and outstanding.
12. The Shares are listed on the TSX and the NYSE.
13. On June 27, 2007, which was the last trading day prior to Yamana's public announcement after the close of market of its intention to acquire Meridian, the closing price of the Yamana Common Shares on the TSX was C\$13.02 and on the NYSE was US\$12.14. The closing price of the Shares on June 27, 2007 on the TSX was C\$26.21 and on the NYSE was US\$24.40.
14. Northern Orion is a corporation existing under the laws of British Columbia with its principal and head office located in Vancouver, British Columbia.
15. Northern Orion is a copper and gold producer with its primary assets located in Argentina. The common shares of Northern Orion are listed on the TSX and on the American Stock Exchange (the "AMEX").

Actions Leading to the Offer

16. Commencing in May 2007, Yamana proposed the concept of a three-way combination involving Yamana, Northern Orion and Meridian to Northern Orion. After entering into a confidentiality agreement on May 25, 2007, Yamana and Northern Orion conducted legal, technical and financial due diligence of each other.

17. On June 15, 2007, the respective CEOs of Yamana and Meridian met and discussed the merits of a combination of the companies. Yamana provided Meridian with a term sheet and cover letter detailing commercial terms which are substantially the same as those subsequently set forth in the Initial Offer (as defined below).

18. Further correspondence and discussions took place between Yamana and Meridian on June 16 and 17, 2007. On June 17, 2007, Yamana provided Meridian with a revised cover letter, term sheet and presentation regarding the proposed combination of the companies. On June 18, 2007, the respective Vice Presidents, Business Development, corresponded regarding the planned execution of a confidentiality agreement. Notwithstanding Yamana's proposal, Meridian failed to respond in a timely manner to Yamana's proposal, merely advising Yamana that it intended to conduct a "thorough review" of the proposal.

19. Following the close of markets on June 27, 2007, Yamana made a formal written proposal to the board of directors of Meridian. Yamana and Northern Orion entered into the Letter Agreement on that date. Yamana's proposal to Meridian detailed the terms of the proposed three-way combination (the "Proposal"). Yamana and Northern Orion issued a joint press release announcing their entry into the Letter Agreement and the proposal made by Yamana to Meridian.

20. On June 28, 2007, Meridian issued a press release acknowledging receipt of the Proposal.

21. On June 29, 2007, the CEO of Meridian sent a letter to the CEO of Yamana stating that Meridian was considering the Proposal.

22. On July 3, 2007, Meridian issued a press release stating that it would not enter into discussions with Yamana regarding the Proposal.

23. On July 4, 2007, Yamana and Northern Orion issued a joint press release announcing Yamana's continuing commitment to pursuing further discussions with Meridian and a combination of the three companies.

24. On July 19, 2007, the final forms of agreements were signed by Yamana and Northern Orion with respect to the business combination of Yamana and Northern Orion.

25. The Offer was announced on July 19, 2007 and commenced on July 20, 2007.

The Initial Offer

26. The initial terms of the Offer were set out in the Yamana Circular, which was mailed to Meridian Shareholders on July 20, 2007 (the "Initial Offer").

27. As set out in the Circular, the essential terms of the Initial Offer were as follows:

- a) The Offer was for all of the outstanding Shares, together with the associated Rights, other than the Shares beneficially owned by Meridian or its affiliates, and other than Shares owned by a certain class of shareholders resident in the United Kingdom (the "UK"), as further discussed below in paragraph 44;
- b) In return for each Share, Yamana offered 2.235 Yamana Common Shares plus C\$3.15 in cash; and
- c) The Offer was open for acceptance until 8:00 p.m. (Toronto time) on August 27, 2007.

28. The Offer price provided Shareholders with a substantial premium based on the average trading price and closing price of Meridian Shares on the TSX prior to the announcement of Yamana's intention to make the Offer. The Offer price represented a premium of approximately 23.3% based on the closing price of the Shares on the TSX on June 27, 2007, and a premium of approximately 24.6% based on the volume weighted average trading price of the Shares on the TSX for the 20 trading days ending June 27, 2007.

29. The conditions of the Initial Offer included the following:

- a) There shall have been validly deposited under the Offer and not withdrawn at the Expiry Time (as defined in the Offer) that number of Shares which, together with any Shares beneficially owned at the Expiry Time by Yamana and its affiliates, represents at least 66 2/3% of the outstanding Shares on a fully-diluted basis;
- b) The conditions to the completion of the Northern Orion acquisition shall have been satisfied or waived;
- c) Yamana shall have the opportunity to conduct due diligence review with respect to non-public information of Meridian;
- d) All necessary government and regulatory consents and third party approvals have been obtained; and
- e) The Rights Plan must have been waived, cease traded or otherwise rendered inapplicable to the Offer.

Meridian's Response to the Initial Offer

30. On July 20, 2007, Meridian's Board issued a press release in which it stated that it would "carefully review and consider" the Offer, and urged that shareholders defer making any decision until the Meridian Board makes its recommendation.

31. On July 31, 2007, Meridian's Board issued a further press release and the Meridian Circular recommending that shareholders reject the Offer, and filed the Meridian Circular with securities regulatory authorities.

32. Significantly, the Meridian Board relies on the fact that the Offer is not a Permitted Bid under the Rights Plan in support of its recommendation that shareholders reject the offer. To date, Meridian has failed to waive the operation of the Rights Plans as required under the terms of the Offer.

33. Meridian also failed to grant due diligence access to Yamana to enable it to satisfy one of the conditions in the Initial Offer.



Yamana's Extended and Varied Offer

34. On August 14, 2007, Yamana announced that it was extending its Offer, previously scheduled to expire on August 27, 2007, to September 7, 2007.

35. In addition, Yamana announced that it was increasing the cash component of the Offer by C\$0.85 to a total of C\$4.00 per Share, and that it was waiving the due diligence access condition in the Offer.

36. Yamana also announced its intention to proceed with an application to set aside the Rights Plan if it were not voluntarily waived.

Meridian's Response to Extended and Varied Offer

37. On August 20, 2007, Meridian announced that its Board of Directors unanimously recommends that shareholders reject Yamana's Extended and Varied Offer on the basis that the Offer remains inadequate and still fails to provide full value for the Shares, and Meridian issued a press release and management presentation in response to the Extended and Varied Offer.

38. Further, on August 22, 2007, following Yamana's announcement that the Northern Orion shareholders had voted in favour of the business combination transaction between Yamana and Northern Orion, Meridian publicly reiterated its recommendation that shareholders reject the Offer as inadequate despite the approval of the business combination by Northern Orion.

The Rights Plan

39. On March 19, 1999, Meridian's Board approved the adoption of the Rights Plan. A summary of the Rights Plan can be found in the Yamana Affidavit.

40. In Meridian's press release of March 19, 1999, announcing the adoption of the Rights Plan, Meridian stated that:

"The Plan is not intended to and will not prevent a take-over of the Corporation. The objectives of the Plan are to provide shareholders with sufficient time to assess and evaluate a take-over bid and permit the



CASSELS BROCK
LAWYERS

John Stevenson,
Secretary to the Commission
Page 9

Board, where appropriate, to explore, develop and evaluate alternatives designed to maximize value to shareholders”.

41. Section 5.20 of the Rights Plan mandates reconfirmation of the Rights Plan at the third, sixth and ninth annual meeting following Meridian’s 1999 annual meeting. The Rights Plan was reconfirmed by shareholders on May 7, 2002 and February 22, 2005.

42. At the 2005 reconfirmation vote by Meridian shareholders on May 10, 2005, 12.2 percent of Shares were voted against the Rights Plan.

43. The Rights Plan includes provisions that trigger the potential for a significant dilution if any person becomes the beneficial owner of 20% or more of the outstanding Shares (a “Flip-In-Event”) unless the transaction that resulted in such ownership is a “Permitted Bid” (or one of certain other types of specified transactions, none of which are applicable in this circumstance). The Rights Plan provides that, following the occurrence of a Flip-In-Event, the Rights will entitle holders, other than the acquirer who causes the Flip-In-Event, to purchase additional Shares from Meridian at a deep discount of as much as 50% or more to the then current market price. Thus, significant dilution will occur when the Rights provided for under the Rights Plan become exercisable by shareholders other than the acquirer at this discounted exercise price.

44. The requirement in the Rights Plan that an offer be made to 100% of Meridian shareholders acts as an effective roadblock to a timely offer, and is coercive and unfair with respect to Meridian shareholders as a whole. The reason for this is that a small number of Shares are held by shareholders resident in the UK and under applicable UK laws, those UK shareholders who do not meet the definition of a “qualified investor” (pursuant to the UK Financial Services and Markets Act 2000) are only permitted to participate in the Offer upon the publication by Yamana of a UK prospectus that has been accepted and approved by the applicable authorities in the UK. The de minimis number of Shares held by those UK shareholders who are not qualified investors (to the knowledge of Yamana, based on the NOBO lists and registered shareholder list of Meridian provided to Yamana, there are approximately 300,000 shares or less in this category), and the impracticability of having a UK prospectus approved and published at the same time as the Offer, make this requirement under the Rights Plan unfair and coercive. In the event that the minimum 66 2/3% of the Shares are tendered to the Offer, Yamana intends to take up the Shares and commence a customary second stage transaction that will enable the balance of the UK shareholders who were not



permitted to tender to the Offer to have their Shares acquired on the same terms as the Offer, in compliance with applicable UK laws.

Prospects for an Alternative Bid

45. Since the announcement of Yamana's proposal to acquire Meridian, Meridian has not publicly identified any alternative bids or transactions.

46. Significantly, in the Meridian Circular recommending rejection of the Offer, Meridian fails to indicate that it has taken any serious steps towards encouraging a competing bid, beyond retaining advisors. There is no substantive indication that Meridian has received any serious expressions of interest which would have been expected by this time if there were any serious prospect of a competing bid.

47. Since June 18, 2007, Meridian has retained as its investment advisors, one of Canada's leading investment advisors, BMO Capital Markets, and one of the United States' leading investment advisors, Goldman Sachs & Co. As of the date of this application, it appears that even they have been unable to generate any serious expressions of interest from a competing bidder.

48. Yamana believes, and has been advised by its financial advisors, that its Offer represents full value for the assets of Meridian. Meridian has typically traded at market valuation multiples at or near the top of those for its peers and Yamana's Offer, based on their respective share prices at the time of announcement, represents a premium of approximately 27%. Further, Yamana has been advised by a number of its peers who could be viewed as potential bidders that they will not be competing for Meridian. Accordingly, the likelihood of a financially superior competing bid is small.

49. The business of Meridian and its assets are simple to evaluate for the purposes of an acquisition. The company is well known in the marketplace and to its peers. Meridian's value is largely supported by one mine. The time since the public announcement of Yamana's Proposal has been more than enough time for any potential alternative bidder to assess the value of Meridian, and to make a competing bid.

50. In fact, Meridian's public statements reflect a stand pat, "just say no" attitude to the Yamana Offer, with vague and unspecific references to "value-maximizing" steps and "organic growth". The repeatedly stated stance of Meridian management has been to characterize its corporate strategy as an "alternative

way” that eschews growth by participation in acquisition. It is open to question whether Meridian has any serious intention of obtaining a better offer, or whether its true intention is simply to obstruct the Yamana Offer.

51. Accordingly, there is no reasonable prospect that the Rights Plan, if permitted to continue, would result in an alternative bid or transaction more attractive to the Meridian shareholders.

YAMANA’S SUBMISSIONS

National Policy 62-202

52. The principal consideration underlying take-over bids in Canadian securities legislation is the protection of the *bona fide* interests of the shareholders of the target issuer.

53. Section 1.1(2) of National Policy 62-202 describes the take-over bid provisions of the Canadian securities legislation as follows:

The primary objective of the take-over bid provisions of Canadian securities legislation is the protection of the bona fide interests of the shareholders of the target company. A secondary objective is to provide a regulatory framework within which take-over bids may proceed in an open and even-handed environment. The take-over bid provisions should favour neither the offeror nor the management of the target company, and should leave the shareholders of the target company free to make a fully informed decision. The Canadian securities regulatory authorities are concerned that certain defensive measures taken by management of a target company may have the effect of denying to shareholders the ability to make such a decision and of frustrating an open take-over bid process [emphasis added]¹

54. In adopting National Policy 62-202, the Canadian securities regulators recognized that, while defensive tactics may sometimes be legitimately used by a target issuer as a means of maximizing shareholder value, it is inappropriate for the

¹ National Policy 62-202 – Take-Over Bids – Defensive Tactics, 20 O.S.C.B. 3525 at s. 1.1(2)



target issuer to adopt defensive tactics “that are likely to deny or limit severely the ability of shareholders to respond to a take-over bid or to a competing bid.”²

55. The implementation or retention of a shareholder rights plan is a common defensive tactic employed by the management of a target issuer, as the effect of such a plan is to prevent a take-over bid from succeeding without the board’s approval. As is described in greater detail below, and consistent with the objectives of National Policy 62-202, the Commission has repeatedly held that a shareholder rights plan will be set aside as an improper defensive tactic where it is being used to prevent shareholders of a target issuer from exercising their fundamental right to determine whether to accept or reject an offer to acquire their securities.

The Time Allowed to Respond to a Bid – the Statutory Standard

56. In 2001, the Act was amended to adopt the recommendations of the “Committee to Review Take-over Bid Time Limits”. The Committee recommended increasing the statutory minimum period for takeover bids from 21 to 35 days, a period chosen to strike a balance between the interests of bidders and targets, respectively. Accordingly, the 35 day period is the benchmark by which rights plans should be judged. In this case, both the 72 day period since the making of the formal Proposal and the 49 day period since the commencement of the Offer are much greater than the statutory standard.

Right Plans

57. Since its decision in *Re Canadian Jorex*,³ this Commission has consistently held that all shareholder rights plans must, at some time, be set aside in order that shareholders may determine whether to tender their shares to an outstanding offer. Therefore, the fundamental issue in this application is not *whether* the rights plans will be set aside, but *when* it will be set aside. The

² *Ibid.*, at s. 1.1(5)

³ (1992), 15 O.S.C.B. 257. See also: *Re Lac Minerals Ltd.* (1994) 5 C.C.L.S. 99; and *Re MDC Corp.*, (1994) 5 C.C.L.S. 118.



paramount consideration in reaching this decision is the best interests of the shareholders of the target issuer.

58. In *Re Royal Host Real Estate Investment Trust*,⁴ the Commission identified the following as potentially relevant factors in determining whether a shareholder rights plan should be set aside:

- a) Whether shareholder approval of the rights plan was obtained;
- b) When the plan was adopted;
- c) The size and complexity of the target company;
- d) The other defensive tactics, if any, implemented by the target company;
- e) The number of potential, viable offerors;
- f) The steps taken by the target company to find an alternative bid or transaction that would be better for shareholders;
- g) The likelihood that, if given further time, the target company will be able to find a better bid or transaction;
- h) The nature of the bid, including whether it is coercive or unfair to the shareholders of the target company;
- i) The length of time since the bid was announced and made; and
- j) The likelihood that the bid will not be extended if the rights plan is not terminated.

59. In listing the above factors in *Royal Host*, the Commission clearly stated that its list was not exhaustive. Take-over bids are fact specific; the relevant factors and the relative importance to be attached to each vary from case to case.⁵ The key issue in determining whether it is time for the rights plan "to go" is whether the plan at issue will facilitate an unrestricted auction of the corporation or,

⁴ *Re Royal Host Real Estate Investment Trust* (1999), 22 O.S.C.B. 7819 at 7828

⁵ *Ibid.*, at 7828



alternatively, will deprive shareholders of their fundamental right to tender their shares to the offer.

60. The most recent decision of the Commission in *Falconbridge* confirms the above approach.⁶

Application to the Facts

61. Based on the factors outlined in *Royal Host*, Yamana submits that the continued application of the Rights Plan to the Offer deprives shareholders of their ability to tender their Shares to a fair offer.

a) **Meridian is an easily assessed business.**

Meridian is an uncomplicated business, with one significant mining operation and mining operations in only two jurisdictions. Meridian's revenues are primarily drawn from its El Peñón mine in Chile. Given the public announcement of Yamana's Proposal was made on June 27, 2007, any potential third party offeror would have had 72 days, as of the Expiry Date of the Offer, to complete their due diligence of the Meridian business and determine whether or not to make a competing offer.

b) **There are a limited number of potential offerors.**

There are a limited number of third parties that would be interested in an acquisition of Meridian. Meridian is a substantial mid-tier gold producer in the North American market. It would be most attractive to a larger gold company in the same market. There are a limited number of these companies and few of them are likely to be interested in making a competing offer in the current circumstances.

c) **There is no reasonable prospect of an alternative bid or transaction financially superior for shareholders.**

Meridian has been aware of Yamana's interest in acquiring the company since June 15, 2007, being the date Yamana provided Meridian with the

⁶ (2006), 29 O.S.C.B. 6783



CASSELS BROCK
LAWYERS

John Stevenson,
Secretary to the Commission

Page 15

initial term sheet and cover letter detailing substantially similar commercial terms as those contained in the Initial Offer made on July 20, 2007. Yamana submitted the Proposal to Meridian and publicly announced its intention to make the Offer on June 27, 2007. In considering Yamana's Proposal, Meridian has engaged Goldman Sachs & Co. and BMO Capital Markets to act as financial advisors in connection with the Offer and strategic alternatives thereto. Accordingly, by the date of any hearing, Meridian's Board of Directors will have had sufficient time to receive and consider financial advice from their advisors and satisfy their fiduciary obligation to shareholders to maximize shareholder value. If Meridian's efforts have not encouraged the announcement of an alternative transaction by the hearing date, it is very unlikely that such a transaction will be announced following such date. The continued operation of the rights plan will be coercive and unfair.

d) **The bid is not coercive or unfair.**

The Offer is neither coercive nor unfair. The Offer is not a partial bid but is an offer for substantially all of the Shares at a premium of approximately 27.7% over the average closing price of the Shares on the TSX for the 20 trading days ended June 27, 2006 (based on the average closing price of the Shares and the Yamana Common Shares on the TSX for the same period).

The Offer is an uncomplicated offer, with only those limited conditions customary in bids of this nature. In particular, Yamana has waived its original condition relating to due diligence access.

The three-way nature of the transaction between Yamana, Northern Orion and Meridian does not present a risk to Meridian shareholders. The Plan of Arrangement relating to Northern Orion was approved by Northern Orion shareholders on August 22, 2007.

Finally, on this point, the Offer represents full value for the business of Meridian.

e) **Yamana has made no decision to extend the Offer.**

Yamana will not take up and pay for the Shares tendered to the Offer unless the Rights Plan is cease traded or waived. Yamana has made no decision at this time to further extend the Offer in the event that the Rights



CASSELS BROCK
LAWYERS

John Stevenson,
Secretary to the Commission
Page 16

Plan has not been satisfactorily dealt with by the Expiry Date of Offer. Accordingly, it is submitted that fairness to Meridian shareholders dictates that they be given the opportunity to tender to the Offer. Failing to cease trade or waive the Rights Plan frustrates the Offer, the only bid available to the shareholders, thus depriving them of the opportunity to exercise their right to decide whether to accept or reject an outstanding offer to acquire their securities.

f) **Shareholder approval of the Rights Plan was not unanimous.**

When the Rights Plan was last confirmed in 2005, shareholders representing 12.2% of the shares voted against the Rights Plan. Prior to this, at the time of the confirmation of the Rights Plan in 2002, OTTPP, a major shareholder of Meridian, criticized the 60 day Permitted Bid requirement as being too long.

62. Yamana submits that in the circumstances of this case, the Commission should exercise its public interest jurisdiction to cease trade the Rights Plan.

We request that the Commission hold a hearing in this matter on or before August 29, 2007. If you have any questions or require further information, please do not hesitate to contact the undersigned or Mark Bennett of Cassels Brock & Blackwell LLP. We enclose our cheque covering the filing fee.

Yours truly,



Timothy Pinos

TP/gmc

cc: Naizam Kanji, Ontario Securities Commission
Michael Brown, Ontario Securities Commission
Peter Marrone, Yamana Gold Inc.
Jacqueline Jones, Yamana Gold Inc.
Gil Cornblum, Dorsey & Whitney LLP
Jonathan Van Horn, Dorsey & Whitney LLP
Mark Bennett, Cassels Brock & Blackwell LLP
Andrea FitzGerald, Cassels Brock & Blackwell LLP
John Sabine, Fraser Milner Casgrain LLP