

MERIDIAN GOLD INC  
Form SC TO-T/A  
August 21, 2007

**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**SCHEDULE TO/A**

**TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

(Amendment No. 9)

**Meridian Gold Inc.**

(Name of Subject Company)

**Yamana Gold Inc.**

(Name of Filing Persons (Offeror))

**Common Stock**  
(Title of Class of Securities)

**589975101**  
(CUSIP Number of Class of Securities)

**Jacqueline Jones**  
**Yamana Gold Inc.**  
**150 York Street, Suite 1102**  
**Toronto, Ontario M5H 3S5**  
**Canada**  
**(416) 815-0220**

(Name, address and telephone number of person authorized to receive notices  
and communications on behalf of filing persons)

Copies to:

**Gil Cornblum**  
**Dorsey & Whitney LLP**  
**BCE Place**  
**161 Bay Street, Suite 4310**  
**Toronto, Ontario M5J 2S1**  
**Canada**  
**(416) 367-7370**

**Mark Bennett**  
**Cassels Brock & Blackwell LLP**  
**2100 Scotia Plaza**  
**40 King Street West**  
**Toronto, Ontario M5H 3C2**  
**Canada**  
**(416) 869-5300**

**CALCULATION OF FILING FEE**

**Transaction Valuation (1): \$2,891,477,622.40**

**Amount of Filing Fee (2): \$88,767.45**

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(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 0-11(d) and Rule 0-11(a)(4) of the Securities Exchange Act of 1934, as amended. The transaction valuation is equal to the product of (i) (a) \$28.40, which is the average of high and low sale prices of Meridian common shares as reported on the New York Stock Exchange on July 11, 2007, and (b) 101,811,536, which is the estimated number of outstanding Meridian common shares as of March 31, 2007 (assuming full conversion of all outstanding exercisable options and warrants for Meridian common shares).

(2) The amount of the filing fee is calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended.

**Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.**

Amount previously paid: **\$67,866.86**  
Form or Registration No.: **Form F-10**  
Filing Party: **Yamana Gold Inc.**  
Date Filed: **July 20, 2007**

Amount previously paid: **\$20,900.59**  
Form or Registration No.: **Schedule TO**  
Filing Party: **Yamana Gold Inc.**  
Date Filed: **July 20, 2007**

**Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.**  
Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.**
- issuer tender offer subject to Rule 13e-4.**
- going private transaction subject to Rule 13e-3.**
- amendment to Schedule 13D under Rule 13d-2.**

Check the following box if the filing is a final amendment reporting the results of the tender offer:

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This Amendment No. 9 (this Amendment) amends and supplements the Tender Offer Statement on Schedule TO filed July 20, 2007 (as so amended, the Schedule TO) filed by Yamana Gold Inc., a corporation incorporated under the laws of Canada (Yamana).

The Schedule TO relates to the offer by Yamana to purchase all of the outstanding common shares of Meridian Gold Inc. (Meridian) on the basis of 2.235 Yamana common shares plus Cdn\$4.00 in cash for each Meridian common share, together with the associated rights under the shareholder rights plan of Meridian, and including the common shares of Meridian that may become outstanding after the date of the Offer (the Offer) but before the expiry time of the Offer upon the exercise of stock options or other securities of Meridian that are convertible into or exchangeable or exercisable for common shares of Meridian. The Offer is subject to the terms and conditions set forth in the Offer and Circular, dated July 19, 2007 (the Offer and Circular) as amended by the Notice of Variation and Extension, dated August 14, 2007, filed as Exhibit (a)(1)(Q) to the Schedule TO.

As permitted by General Instruction F to Schedule TO, the information set forth in the Offer and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, including all schedules, exhibits and annexes thereto, is hereby expressly incorporated by reference in response to all items of information required to be included in, or covered by, this Schedule TO and is supplemented by the information specifically provided herein.

Capitalized terms used herein and not defined herein have the respective meanings assigned to such terms in the Offer and Circular, as supplemented and amended. Except as specifically provided herein, this amendment does not modify any of the information previously reported on the Schedule TO.

### Item 4. TERMS OF THE TRANSACTION

#### i. REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The third sentence under the heading REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES on page v is hereby deleted.

#### ii. Summary Term Sheet

The response to the question IF I ACCEPT THE OFFER WHEN WILL I BE PAID? in the SUMMARY TERM SHEET on page 5 of the Offer and Circular is hereby deleted in its entirety and replaced with the following:

If the conditions of the Offer are satisfied or waived, and if we consummate the Offer and take up your Shares, you will receive payment for the Shares you tendered promptly after the Shares are accepted.

#### iii. Summary of the Offer

The paragraph entitled Payment for Deposited Shares on page 11 of the Offer and Circular is hereby deleted in its entirety and replaced with the following:

If all the conditions referred to under Conditions of the Offer in Section 4 of the Offer have been satisfied or waived at or before the Expiry Time, the Offeror will take up Shares validly deposited pursuant to the Offer and not properly withdrawn, promptly after the Expiry Time. Any Shares deposited to the Offer after the first date on which Shares have been taken up by the Offeror but before the Expiry Date will be taken up and paid for promptly following such deposit. See Take up of and Payment for Deposited Shares in Section 6 of the Offer.

The Summary of the Offer section is amended by adding the following as the last subsection thereof:

#### COMBINED HISTORICAL RESERVES

The following reserve data is derived from the annual report of Yamana, Meridian and Northern Orion. You should read the table below together with other information about reserves that Yamana, Meridian and Northern Orion have filed with the Securities and Exchange Commission and incorporated by reference into this document.

Total Proven and Probable Reserves by Company (net interest)



	As of December 31, 2006			
	Yamana	Meridian	Northern Orion	Total
Gold (million ozs.)	6.8	2.3	6.1	15.2
Silver (million ozs.)		83.7		83.7
Copper (billion lbs)	2.3		8.5	10.8
Molybdenum (million lbs)			546.3	546.3

Total Proven and Probable Reserves by Geographical Region (net interest)

	As of December 31, 2006			
	Gold (million ozs.)	Silver (million ozs.)	Copper (billion lbs)	Molybdenum (billion lbs)
Brazil	6.3		2.3	
Chile	2.3	83.7		
Argentina	6.1		8.5	0.5
Central America	0.5			
Total	15.2	83.7	10.8	0.5

**iv. Offer Section 2. Time for Acceptance**

The section entitled 2. Time for Acceptance on page 27 of the Offer and Circular is hereby amended and restated in its entirety as follows:

**2. Time for Acceptance**

The Offer is open for acceptance until 8:00 p.m. (Toronto time) on September 7, 2007, or until such later time and date or times and dates to which it may be extended, unless the Offer is withdrawn by the Offeror upon the failure of one or more of the Conditions to the Offer specified in Section 4 hereof.

**v. Offer Section 4. Conditions of the Offer**

Paragraph (b) under the heading 4. Conditions of the Offer on page 31 of the Offer and Circular is hereby amended and restated in its entirety as follows:

The closing of the Northern Orion Transaction is subject to satisfaction or waiver of the following conditions:

- the interim order granted by the Supreme Court of British Columbia dated July 23, 2007 shall not have been set aside or modified in a manner unacceptable to Yamana and Northern Orion, acting reasonably;
- the Northern Orion shareholders shall have approved the Arrangement by at least 75% of the votes cast;
- satisfaction of the Minimum Deposit Condition and all other conditions to the Meridian Offer shall have been satisfied or waived and Yamana shall be obligated under applicable law to take up and pay for the Meridian Shares;
- there will have been no material change in the employment arrangements of any senior officer of Northern Orion or any subsidiary thereof and neither Northern Orion nor any subsidiary will have hired any additional senior officers;
- the Northern Orion Transaction shall be effective on or before December 31, 2007;



- the final order of the Supreme Court of British Columbia in connection with the Northern Orion Transaction shall have been granted in form and substance satisfactory to Yamana and Northern Orion, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- no law, ruling, order or decree will be in force and no action taken under any law or by any governmental entity or other regulatory authority, that makes it illegal or otherwise restrains, enjoins or prohibits the consummation of the Northern Orion Transaction in accordance with its terms or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Northern Orion Transaction that has, or could reasonably be expected to have, a material adverse effect on Yamana, Northern Orion or their respective subsidiaries;
- all required acceptances and approvals of the TSX, the NYSE and the LSE for the transactions contemplated by the Northern Orion Agreement and of the listing of the Yamana Shares to be issued or issuable under the Northern Orion Transaction shall have been obtained and the TSX shall have approved the continued listing of the Northern Orion Warrants;
- all required governmental and third party consents and approvals and any registrations, filings and advisory requests with, any governmental entity set out in the disclosure memorandum will have been obtained, and all third person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements in each case on terms that are reasonably satisfactory to the parties will have been obtained or received on terms that are reasonably satisfactory to the parties, the failure of which to obtain or the non-expiry of which would, or could reasonably be expected to have, a material adverse effect on Northern Orion or Yamana or materially impede the completion of the Northern Orion Transaction;
- the distribution of Yamana securities pursuant to the Northern Orion Transaction will be exempt from the prospectus and registration requirements of and will not be subject to resale restrictions under applicable Canadian securities laws, and will be exempt from the registration requirements of applicable US Securities Act and will be registered or exempt from the registration requirements of applicable state securities laws;
- the Northern Orion Agreement shall not have been terminated pursuant to its terms;
- the respective representations and warranties made by each of Northern Orion and Yamana in the Northern Orion Agreement must be true and correct as of the effective date of the Northern Orion Transaction, except where any failure or breach would not individually or in the aggregate, in the reasonable judgment of Northern Orion or Yamana, as the case may be, have a material adverse effect on Northern Orion or Yamana, as applicable;
- no change will have occurred in the capital structure of Northern Orion or any Northern Orion subsidiaries, without the prior written consent of Yamana, such consent not to be unreasonably withheld;
- there must not have occurred any changes or states of facts that, either individually or in the aggregate, have, or could reasonably be expected to have, a material adverse effect on Yamana or any material subsidiaries of Yamana;
- each of Northern Orion and Yamana must have complied in all material respects with its respective covenants in the Northern Orion Agreement;
- no more than 2% of the outstanding Northern Orion Shares shall be subject to the exercise of dissent rights;

- the Support Agreement shall continue to be in full force and effect and will not have been terminated except as provided therein;
- the directors of each of Northern Orion and Yamana shall have adopted all necessary resolutions and all other necessary corporate action must have been taken by Northern Orion and Yamana to permit the consummation of the Northern Orion Transaction; and
- the Loan Agreement shall be in full force and effect and will not have been terminated.

Paragraph (i) under the heading 4. Conditions of the Offer on page 33 of the Offer and Circular is hereby amended by replacing the first clause thereof as follows:

- (i) the Offeror shall have determined, in its reasonable discretion, that none of Meridian

The last paragraph under the heading 4. Conditions of the Offer on page 35 is hereby amended and restated in its entirety as follows:

Any waiver of a condition or the termination or withdrawal of the Offer shall be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated in writing to the Depositary at its principal office in Toronto, Ontario. The Offeror forthwith after giving any such notice, will make a public announcement of such waiver or withdrawal and, to the extent required by applicable Law, cause the Depositary as soon as is practicable thereafter to notify the registered holders of Shares in the manner set forth under Notice and Delivery in Section 11 of the Offer. In the event that the Offeror waives a material condition to the Offer, the Offeror will disseminate notice of such waiver to Shareholders in a manner reasonably calculated to inform Shareholders of such waiver and will allow sufficient time for Shareholders to consider the effect of such waiver on the Offer. If the Offer is withdrawn, the Offeror shall not be obligated to take up, accept for payment or pay for any Shares deposited pursuant to the Offer, and the Depositary will promptly return all certificates for Deposited Shares and Letters of Transmittal, Notices of Guaranteed Delivery and related documents in its possession to the parties by whom they were deposited.

**vi. Offer Section 5. Extension, Variation or Change in the Offer**

The last paragraph on page 37 of the Offer and Circular under the heading 5. Extension, Variation or Change in the Offer is hereby amended and restated in its entirety as follows:

Notwithstanding the provisions of the US Exchange Act regarding subsequent offering periods, the Offeror will permit withdrawal of Shares deposited during any Subsequent Offering Period, if there is one, at any time prior to the expiry of such Subsequent Offering Period; provided, however, that this right of withdrawal will not apply in respect of Deposited Shares taken up by the Offeror prior to the Subsequent Offering Period. Shares may be withdrawn during the Subsequent Offering Period, if there is one, by following the procedures described in Section 7 of the Offer. Withdrawing holders of Shares who have deposited such Shares during the Subsequent Offering Period and have received payment for such Shares must also return such payment to the Offeror prior to any withdrawal by including the payment received for such Shares with the notice of withdrawal submitted to the Depositary in compliance with the procedures described in Section 7 of the Offer. Subject to the following sentence, the Expiry Time with respect to a subsequent Offer shall be 5:00 p.m. (Toronto time) on the last day of the Subsequent Offering Period, unless determined otherwise pursuant to the provisions of this Section 5. The foregoing sentence will not limit the requirement that the conditions to the Offer set forth under Conditions of the Offer in Section 4 of the Offer, be satisfied or waived prior to the initial Expiry Time, which will be before the commencement of the Subsequent Offering Period.

**vii. Offer Section 6. Take up of and Payment for Deposited Shares**

The first paragraph under the heading 6. Take up of and Payment for Deposited Shares on page 38 of the Take Over Bid Circular is hereby amended and restated in its entirety as follows:

If all the conditions referred to under Conditions of the Offer in Section 4 of the Offer have been satisfied or waived at or before the Expiry Time, the Offeror will become obligated to take up and pay for Shares validly deposited under the Offer and not properly withdrawn promptly following the Expiry Time. Any Shares deposited to the Offer after the first date on which Shares have been taken up by the Offeror but before the Expiry Date will be taken up and paid for promptly.





**viii. Circular Section 3. Northern Orion**

The second sentence of the first paragraph under the heading Northern Orion Transaction Northern Orion Agreement is hereby amended and restated as follows:

It is subject to, and is qualified in its entirety by reference to, all the provisions of the Northern Orion Agreement.

The text under the heading Northern Orion Transaction Northern Orion Agreement - Termination is hereby amended and restated in its entirety as follows:

The Northern Orion Agreement may be terminated at any time prior to the completion of the Northern Orion Transaction as follows:

- by mutual written agreement between Northern Orion and Yamana;
- by Yamana if (i) the board of directors of Northern Orion has withdrawn or modified in a manner adverse to Yamana, its approval or recommendation of the Northern Orion Transaction (including pursuant to a Superior Proposal, as defined in the Northern Orion Agreement) or (ii) the board of directors of Northern Orion has approved or recommended an Acquisition Proposal (as defined in the Northern Orion Agreement);
- by Northern Orion in order to enter into a definitive written agreement with respect to a Superior Proposal, subject to compliance with certain terms of the Northern Orion Agreement including payment of the termination fee under such Agreement;
- by Northern Orion or Yamana if the required approval of at least 75% of the votes cast by Northern Orion shareholders has not been obtained at a meeting of shareholders of Northern Orion;
- by Yamana if Northern Orion fails to hold its shareholder meeting within the specified timeframe set out in the Northern Orion Agreement (or such later date consented to by Yamana), unless such failure results from: (i) delays in obtaining all required regulatory approval that are beyond the control of Northern Orion or delays resulting from any action or inaction of Yamana; (ii) an adjournment of such meeting for not more than 10 business days due to its obligation to adjourn such meeting in respect of Acquisition Proposals and Superior Proposals; or (iii) an adjournment otherwise permitted by the Northern Orion Agreement;
- by Yamana or Northern Orion, as the case may be, if there is a material breach by the other party of its covenants prior to the completion of the Northern Orion Transaction;
- by Yamana or Northern Orion if the Minimum Deposit Condition is not met;
- by Yamana or Northern Orion if any of the conditions in the Northern Orion Agreement for the benefit of the terminating party is not satisfied or waived in accordance with the terms of the Northern Orion Agreement relating to those conditions; or
- by Yamana if Yamana's financial advisor has withdrawn its opinion that the Northern Orion Transaction together with the Offer is fair, from a financial point of view, to Yamana or Yamana shareholders, as a result of a permitted corporate action of Northern Orion in respect of the Agua Rica project.

**ix. Circular Section 22. Acquisition of Shares Not Deposited Pursuant to the Offer**

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Section 22, Acquisition of Shares Not Deposited Pursuant to the Offer , is hereby amended by replacing the first sentence in second paragraph under the heading Compelled Acquisition with the following:

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The foregoing describes the right of Compelled Acquisition that may be available to a Shareholder under Section 206.1 of the CBCA.

**x. Notice of Variation Section 8. Recent Developments**

Section 8 of the Notice of Variation, Recent Developments is amended by adding the following as the last paragraph thereof:

On August 1, 2007, the Globe & Mail published an article in which each of two institutional shareholders, Fidelity and Royce & Associates LLC, indicated that it had not taken a position with respect to the Offer.

**Item 10. FINANCIAL STATEMENTS**

**SCHEDULE A TO OFFER AND CIRCULAR PRO FORMA FINANCIAL STATEMENTS AND NOTES**

Schedule A is deleted and replaced in its entirety as with the following:

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SCHEDULE A

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## Yamana Gold Inc.

## Pro forma consolidated balance sheet

June 30, 2007

(Unaudited)

(Expressed in thousands of U.S. dollars)

	Yamana Gold Inc.	Meridian Gold Inc.	Initial Pro forma adjustments (Note 6)	Initial Yamana pro forma	Northern Orion Resources Inc.	Pro forma adjustments (Note 6)	Yamana consolidated pro forma
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ 88,956	\$ 139,500	(a)(viii) \$ 400,000 (a)(ii) 11,491 (a)(viii) (387,557 )	\$ 252,390	\$ 237,207	(d)(i) \$ (20,000 )	\$ 469,597
Short term investments		67,500		67,500	1,333		68,833
Restricted cash		13,800		13,800			13,800
Accounts receivable	72,081	9,700		81,781			81,781
Advances and deposits	29,685			29,685	409		30,094
Inventory	62,325	8,600		70,925			70,925
Income taxes recoverable	39	500		539			539
Marketable securities							
Derivative related assets	14,058			14,058			14,058
Other current assets		14,900		14,900	1,149		16,049
	267,144	254,500	23,934	545,578	240,098	(20,000 )	765,676
Property, plant and equipment	370,144			370,144	223		370,367
Assets under construction	1,060			1,060			1,060
Mineral properties	1,556,187	298,100	(a)(i) 1,956,770	3,811,057	122,532	(b)(i) 309,654 (d)(i) 20,000	4,263,243
Available-for-sale securities	29,852			29,852			29,852
Share purchase warrants held	389			389			389
Other assets	43,806	31,000		74,806			74,806
Future income tax assets	83,597			83,597			83,597
Goodwill	55,000		(a)(i) 1,255,616	1,310,616		(b)(i) 421,955	1,732,571
Restricted cash					752		752
Equity investment in Minera Alumbra Ltd.					100,478	(b)(i) 240,000	340,478
	\$ 2,407,179	\$ 583,600	\$ 3,236,320	\$ 6,227,099	\$ 464,083	\$ 971,609	\$ 7,662,791
<b>Liabilities</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities	65,134	19,900	(a)(vi) 17,000	102,034	2,866	(b)(vi) 17,000	121,900
Income taxes payable	9,608			9,608			9,608
Derivative related liabilities	70,801			70,801			70,801
Current portion of long-term debt	1,026			1,026			1,026
Other current liabilities	146,569	32,200	17,000	215,669	2,866	17,000	235,535
Long-term liabilities		52,100		215,669			235,535
Asset retirement obligations	22,626			22,626	1,201		23,827
Future income tax liabilities	389,198	23,600	(a)(i) 684,869	1,097,667	23,603	(b)(i) 181,386	1,302,656
Long-term liabilities	18,479	101,000	(a)(viii) 400,000	519,479			519,479
Royalty and net proceeds interest payable	576,872	176,700	1,101,869	1,855,441	14,030	198,386	2,095,527
Non-controlling interest		15,300		15,300			15,300
<b>Shareholders equity</b>							
<b>Capital stock</b>							
Common stock	1,715,654	403,500	(a)(v) 2,526,051 (a)(iv) (403,500 )	4,241,705	294,244	(b)(iii) 952,688 (b)(ii) (294,244 )	5,194,393
Warrants	72,915			72,915	11,329	(b)(iv) 207,515 (b)(ii) (11,329 )	280,430
	43,117	8,200	(a)(iv) (8,200 )	43,117	14,476	(b)(iv) 35,403	78,520

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Additional paid-in capital  
including contributed surplus

						(b)(ii) (14,476 )	
Accumulated other comprehensive income	5,844	54,300	(a)(iv) (54,300 )	5,844	(2,635	(b)(ii) 2,635	5,844
(Deficit) retained earnings	(7,223 )	(74,400 )	(a)(iv) 74,400	(7,223 )	104,969	(b)(ii) (104,969 )	(7,223 )
	1,830,307	391,600	2,134,451	4,356,358	422,383	773,223	5,551,964
	\$ 2,407,179	\$ 583,600	\$ 3,236,320	\$ 6,227,099	\$ 464,083	\$ 971,609	\$ 7,662,791

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## Yamana Gold Inc.

## Pro forma consolidated statement of operations

six month period ended June 30, 2007

(Unaudited)

(Expressed in thousands of U.S. dollars except per share amounts)

	Yamana Gold Inc.	Meridian Gold Inc.	Initial Pro forma adjustments (Note 6)	Initial Yamana pro forma	Northern Orion Resources Inc.	Pro forma adjustments (Note 6)	Yamana consolidated pro forma
Sales	\$ 328,800	\$ 150,700	\$	\$ 479,500	\$	\$	\$ 479,500
Cost of sales	(120,955 )	(48,300 )		(169,255 )			(169,255 )
Depreciation, amortization and depletion	(24,104 )	(17,100 )	(a)(vii) (48,400 )	(89,604 )			(89,604 )
Accretion of asset retirement obligation	(707 )			(707 )			(707 )
Mine operating earnings	183,034	85,300	(48,400 )	219,934			219,934
Corporate administration	(18,909 )	(9,100 )		(28,009 )	(1,445 )		(29,454 )
Property maintenance and exploration		(15,400 )		(15,400 )	(1,268 )		(16,668 )
Professional and consulting					(866 )		(866 )
Other		1,500		1,500			1,500
Foreign exchange (loss) gain	(6,693 )			(6,693 )	6,946		253
Loss on impairment of mineral properties	(1,821 )			(1,821 )			(1,821 )
Non-production costs during business interruption	(10,465 )			(10,465 )			(10,465 )
Arrangement transaction costs	(561 )			(561 )	(325 )		(325 )
Stock-based compensation					(1,074 )		(1,635 )
Operating earnings (loss)	144,585	62,300	(48,400 )	158,485	1,968		160,453
Investment and other business income	5,016	4,900		9,916	5,311		15,227
Equity earnings of Minera Alumbrera Ltd.					27,208	(b)(vii) (13,300 )	13,908
Interest expense	(6,025 )		(a)(viii) (15,000 )	(21,025 )			(21,025 )
Gain on sale of assets		600		600			600
Unrealized loss on derivatives	(28,700 )			(28,700 )			(28,700 )
Earnings before income taxes expense	114,876	67,800	(63,400 )	119,276	34,487	(13,300 )	140,463
Income tax expense	(34,690 )	(24,400 )	21,400	(37,690 )	(593 )	4,000	(34,283 )
<b>Net earnings</b>	<b>\$ 80,186</b>	<b>\$ 43,400</b>	<b>\$ (42,000)</b>	<b>\$ 81,586</b>	<b>\$ 33,894</b>	<b>\$ (9,300)</b>	<b>\$ 106,180</b>
Earnings per share (Note 7)							
Basic	\$ 0.23			\$ 0.14			\$ 0.16
Diluted	\$ 0.22			\$ 0.14			\$ 0.15



**Yamana Gold Inc.**

**Pro forma consolidated statement of operations**

**year ended December 31, 2006**

**(Unaudited)**

**(Expressed in thousands of U.S. dollars except per share amounts)**

	<b>Pro forma Yamana Gold Inc.</b> (Schedule 1)	<b>Meridian Gold Inc.</b>	<b>Initial Pro forma adjustments</b> (Note 6)	<b>Initial Yamana pro forma</b>	<b>Northern Orion Resources Inc.</b>	<b>Pro forma adjustments</b> (Note 6)	<b>Yamana consolidated pro forma</b>
Sales	\$ 178,692	\$ 240,000	\$	\$ 418,692	\$	\$	\$ 418,692
Cost of sales	(106,130)	(76,100)		(182,230)			(182,230)
Depreciation, amortization and depletion	(37,320)	(28,100)	(a)(vii)(97,000)	(162,420)			(162,420)
Accretion of asset retirement obligation	(636)			(636)			(636)
Mine operating earnings	34,606						