

**IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, CHAPTER S.5, AS AMENDED**

AND

**IN THE MATTER OF OFFER BY
YAMANA GOLD INC. TO PURCHASE ALL OF THE
OUTSTANDING SHARES OF MERIDIAN GOLD INC.**

DECISION

Hearing and Decision: September 5, 2007

Panel: James E. A. Turner - Vice-Chair and Chair of the Panel
Margot C. Howard - Commissioner

Counsel: Kelley McKinnon - for Staff of the Ontario Securities Commission
Michael Brown
Naizam Kanji

Timothy Pinos - for Yamana Gold Inc.
Mark Bennett
Zoe King

Robb Heintzman - for Meridian Gold Inc.
Matthew Fleming
Kate Broer

The following text has been extracted from the transcript of the hearing at which the decision was delivered orally from the bench. This excerpt has been edited and approved by the Chair of the Panel for publication in the Ontario Securities Commission Bulletin in order to provide a public record of the decision. The full text of the decision is contained in the transcript of the proceeding.

DECISION

[1] We appreciated the submissions of counsel in this matter. We would have preferred to have had more time to consider the issues, but we recognize the desirability of an immediate decision in circumstances such as this.

[2] We agree with the principles that counsel have referred to as the guiding principles in a poison pill hearing, in particular the factors listed in the Royal Host decision [*Re Royal Host Real Estate Investment Trust* (1999), 22 O.S.C.B. 7819] but as well the references made by counsel to the MDC decision [*Re MDC Corp.* (1994) 5 C.C.L.S. 118].

[3] We have noted, in considering the relevant factors, that no shareholder has appeared on this hearing and taken a position one way or another. Shareholders' views are a significant factor that we would weigh. We received submissions from Yamana Gold Inc. ("Yamana") and Meridian Gold Inc. ("Meridian") on the value of the Yamana bid. In our view, such questions of value should generally be left to the determination of shareholders.

[4] We recognize that we have to make a judgment in the public interest. In considering all of the circumstances, we note that those circumstances are to some extent unusual.

[5] We recognize the principle that there comes a time when a poison pill "must go" and that the test is whether or not by keeping a poison pill in place there is a reasonable likelihood of a higher value competing bid being made.

[6] We note in this case that any competing proposals are expected to be presented to Meridian by September 7, 2007. So the question that we have to decide is whether or not continuance of the poison pill in place after that date is necessary to permit the board to review and negotiate potentially superior proposals.

[7] In our view, Meridian and its board have had sufficient time to respond to the Yamana bid.

[8] We also believe that they will have had sufficient time to assess any proposals that are made to Meridian by the September 7, 2007 deadline established by Meridian, given that Yamana is proposing to extend its bid to September 11, 2007. That is to say, given all that has gone before (including the solicitation of competing offers and the valuation work with respect to potential competing bidders and with respect to Meridian), in our view, the board of Meridian will have had sufficient time to be able to assess by September 11, 2007 (the proposed expiry date of the extended Yamana bid) any proposals that are submitted to Meridian by the September 7, 2007 deadline.

[9] Our decision in the circumstances is that we will issue an order cease-trading the Meridian poison pill effective at 9:00 a.m. on September 11, 2007. That is on condition that the Yamana bid is extended to 8:00 p.m. on September 11, 2007, and we will grant exemptive relief to allow Yamana to extend its bid to 8:00 p.m. on September 11, 2007, by means of a news release, so that Yamana is able to take up all shares tendered at that time or thereafter, without the need to mail an extension notice.

[10] Counsel and Staff should settle the form of an order for our review.

Dated at Toronto, this 30th day of October, 2007.

“James E. A. Turner”

James E. A. Turner

“Margot C. Howard”

Margot C. Howard