

**EARLY WARNING REPORT FILED PURSUANT TO
PART 3 OF NATIONAL INSTRUMENT 62-103**

A. The name and address of the offeror:

Yamana Gold Inc. (“Yamana”)
Royal Bank Plaza, North Tower
200 Bay Street, Suite 2200
Toronto, ON M5J 2J2

B. The designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:

Pursuant to a private placement, Yamana acquired ownership and control of 5,000,000 units (the “Units”) for an aggregate purchase price of CDN\$750,000. Each Unit consists of one common share (collectively, the “Shares”) and one half of one warrant (“Warrant”). Each full Warrant is entitled to acquire one common share of Quia at a price of \$0.30 per Common Share for a period of 24 months from the closing date. The Shares acquired by Yamana represent approximately 5.85% of Quia’s outstanding common shares on an undiluted basis, and approximately 8.77% of Quia’s outstanding common shares assuming only if Yamana exercises its Warrants upon completion of the private placement.

C. The designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release:

Immediately following the acquisition of the Units, Yamana exercises ownership and control over a total of 11,000,000 common shares representing approximately 12.86% of Quia’s outstanding common shares, on an undiluted basis, and approximately 19.23% assuming only if Yamana exercises its 6,750,000 whole warrants.

D. The designation and number of principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph C over which:

(i) the offeror, either alone or together with any joint actors, has ownership and control:

See Section C above. Yamana does not own or control any securities of Quia together with any joint actors.

(ii) the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any

joint actor:

Not applicable.

(iii) the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:

Not applicable.

E. The name of the market in which the transaction or occurrence that gave rise to the news release took place:

Not applicable. The Shares were issued to Yamana by Quia from treasury.

F. The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release:

Cdn.\$0.15 per Unit.

G. The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:

The Units were acquired by Yamana from Quia for investment purposes, pursuant to a private placement financing completed by Quia.

H. The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:

Yamana entered into a standard form subscription agreement with Quia in connection with the acquisition of the Units pursuant to Quia's private placement financing. Further details concerning the private placement by Quia may be found under Quia's SEDAR profile at www.sedar.com.

I. The names of any joint actors in connection with the disclosure required by this Form:

Not applicable.

- J. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value in Canadian dollars of the consideration paid by the offeror:**

See Sections H and F above.

- K. If applicable, a description of any change in any material fact set out in a previous report by the offeror under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities:**

Not applicable.

- L. If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance:**

Yamana acquired the Shares as an accredited investor pursuant to the exemption set forth in section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions*.

Dated: January 9, 2012

YAMANA GOLD INC.

By: "Sofia Tsakos"

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This early warning report 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 projects and exploration programs discussed herein being met, 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 and the Argentine 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 the Company's corporate mineral resources, risk related to non-core mine dispositions, 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 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 annual Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2010 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 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.