

**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”)
150 York Street, Suite 1102
Toronto, ON M5H 3S5

B. The designation and number or principal amount of securities and the offeror’s securityholding percentage in the class or 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:

Yamana acquired ownership of an additional 1,221,356 common shares (the “Shares”) of BacTech Environmental Corporation (“BachTech”).

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:

After the issuance of 1,221,356 Shares, Yamana owns approximately 12.76% of BacTech’s outstanding common shares, on an undiluted basis, and approximately 19.78% after giving effect to the exercise of warrants to acquire 2,666,666 BachTech common shares.

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 BachTech 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 BacTech 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:**

Not applicable.

- 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:**

Yamana acquired the BacTech shares for investment purposes. Yamana has no future intention to acquire ownership of, or control over, additional securities of BacTech other than in connection with the obligation of BacTech to issue additional common shares to Yamana as described Section H below.

- 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:**

REBgold Corporation ("REBGold") would be required to issue to Yamana the number of additional BacTech shares which is determined when \$487,500 is divided by the average closing price of REBgold shares for the 20 trading days preceding the date of issuance in the event that Yamana does not complete the sale of its interest in a non-core subsidiary to a third party. Pursuant to a plan of arrangement undertaken by REBgold and BacTech on December 2, 2010, BacTech would be required to issue to Yamana shares equal to 20% of the shares issued by REBgold to Yamana.

- 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 of the consideration paid by the offeror:**

The Shares were issued in consideration of the release by Yamana of contractual obligations of REBgold relating to the sale of Yamana's interest in a non-core subsidiary of Yamana.

- 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: March 7, 2011

YAMANA GOLD INC.

By: “Sofia Tsakos”