

YAMANA GOLD INC.

Price (October 15, 2009)	\$12.47
52-Week Range	\$13.11-\$4.29
Shares O/S	733.21 million
Market Cap	\$9.14 billion
Enterprise Value (Oct. 15/09)	\$9.59 billion
Enterprise Value Per Share	\$13.09
50-day Average Volume	6,468,500
200-day Average Volume	6,456,800
Fiscal Year-End	December 31
Symbol	TSX: YRI
Website	www.yamana.com

Financial Data

Selected Income/Cash Flow

US\$000s; 12 months ended	Dec-07	Dec-08	Jun-09
Revenues	\$747,091	\$1,054,607	\$875,658
EBITDA	\$388,195	\$397,842	\$204,883
Net Income	\$157,245	\$434,772	\$425,196
Cash Flow (CF) From Ops	\$281,129	\$328,675	\$373,060

Selected Balance Sheet	At Dec-07	At Dec-08	At Jun-09
Cash (& Equivalents)	\$284,894	\$170,137	\$94,375
Total Debt	\$622,424	\$555,964	\$545,457
Shareholders' Equity	\$5,906,821	\$6,510,119	\$6,625,185
Total Assets	\$9,895,924	\$9,337,353	\$9,421,659
Enterprise Value	\$8,953,425	\$7,311,212	\$8,032,453

Key Ratios	At Dec-07	At Dec-08	At Jun-09
EBITDA Margin	52.0%	37.7%	23.4%
Return on Equity (ROE)	2.7%	6.7%	6.4%
Return on Assets (ROA)	1.6%	4.7%	4.5%
Total Debt/Total Capital	9.5%	7.9%	7.6%
Cash Flow/Total Debt	0.45x	0.59x	0.68x
Earnings Per Share	\$0.24	\$0.59	\$0.58
Cash Flow Per Share	\$0.42	\$0.45	\$0.51
Cash Per Share	\$0.43	\$0.23	\$0.13
Equity Per Share	\$8.84	\$8.88	\$9.04
Enterprise Value Per Share	\$13.39	\$9.98	\$10.96

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Note: Report prepared with public information only.



Source: www.bigcharts.com

PROFILE

Yamana Gold Inc. is a Canadian-based gold producer with significant gold production, gold development stage properties, exploration properties, and land positions in Brazil, Argentina, Chile, and Mexico.

The Company plans to continue to build on this base through: (1) existing operating mine expansions and throughput increases; (2) the advancement of its exploration properties; and (3) by targeting other gold consolidation opportunities in the Americas.

Yamana is targeting 2.2 million ounces of production by 2012. New developments and major expansions are beginning in 2008 and will continue through 2012. Yamana's largest producing mines are El Penon, which it recently acquired during the acquisition of Meridian Gold, and the Chapada copper-gold mine.

For 2008, the Company's production was 982,897 gold equivalent ounces, an increase of 65% over 2007. The total co-product cash costs were \$384 per ounce of gold, including El Peñon at \$308 per gold equivalent ounce and Chapada at \$337 per gold ounce. The by-product cash costs were \$136 per gold equivalent ounce after copper by-product credits.

SUMMARY

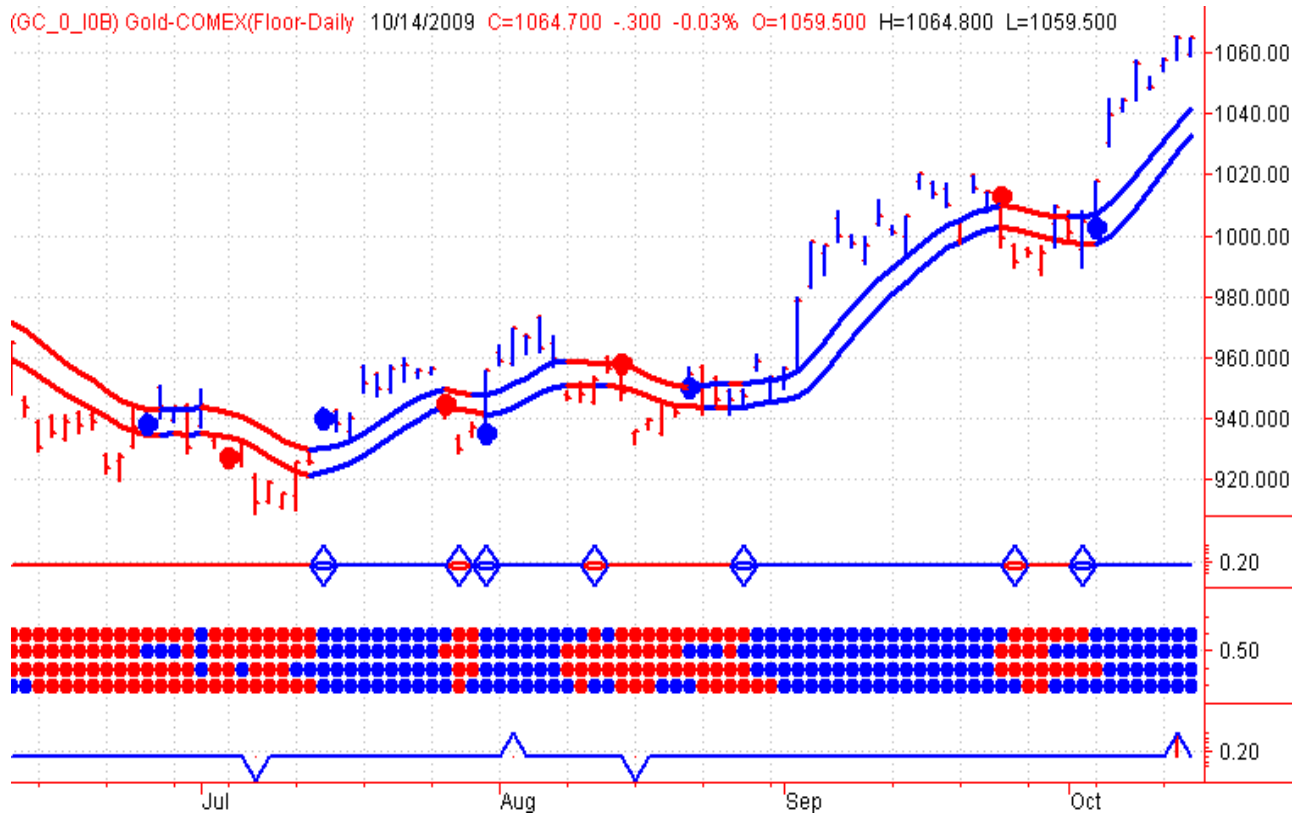
Yamana's stock is stuck, being unable to penetrate the June 2009 highs of \$13.11. This despite the exaggerated attention being given to the price of gold breaking through, for a second time, the US\$1,000/oz. mark.

As we show later in this report, the "Pros" have not "taken control" of this stock, usually a prerequisite for a sustained move upwards in a stock. Yamana also shows seasonal tendencies, and the stock is currently in the downward leg.

If the stock falls off to around the \$9.50 area, it would attract a "Buy" recommendation.

THE GOLD PRICE

The following chart shows the recent trend in the price of gold:

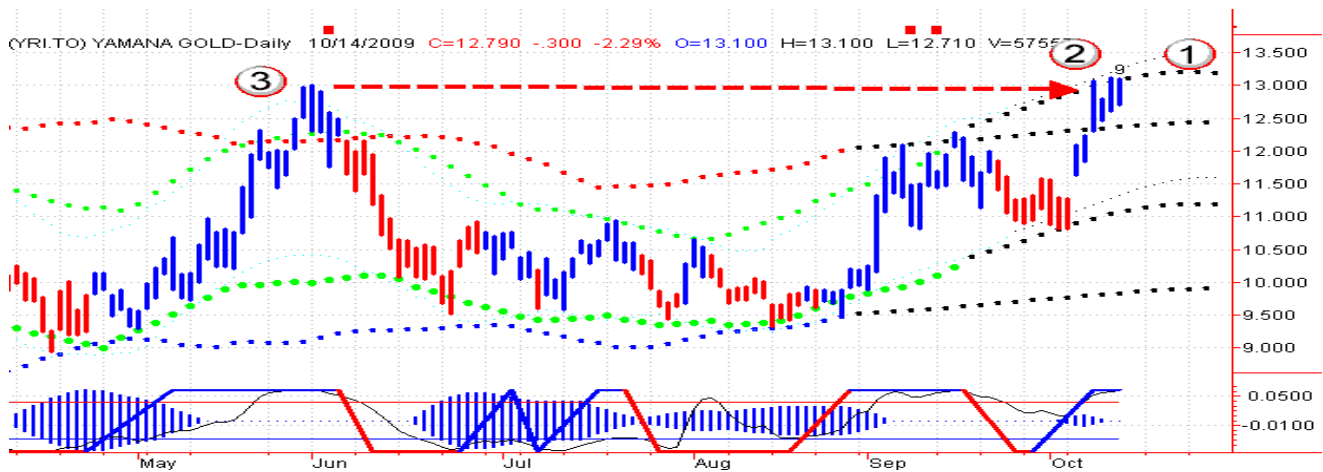


RESISTANCE

With gold trading above US\$1000/oz and reaching multi-year highs, investors would have expected to see a similar performance from their gold stocks. So far, this has not been the case.

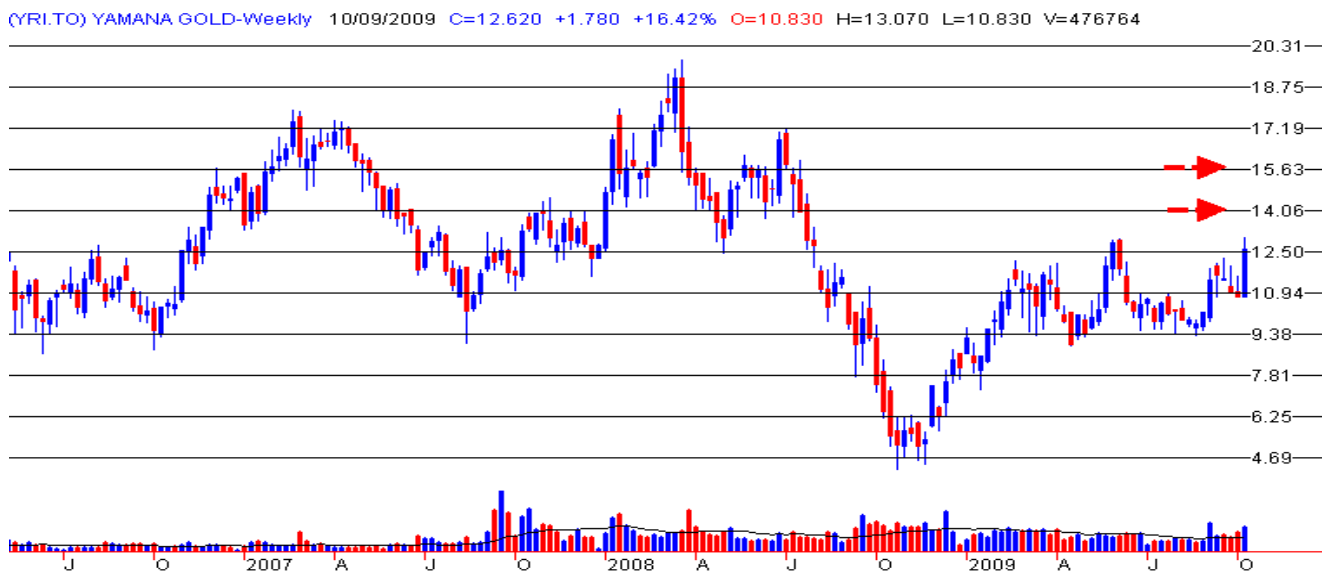
Yamana is currently trading at the top of the short-term projected trading range (Shown at (1) in the chart below). On the Market Thermometer scale, which ranks stocks from 0 to 10, Yamana is currently ranked as a “9” (2) indicating that it is over-bought.

While the price of gold has continued to rise over the last week, the stock has been stuck at resistance that was formed at the June highs (3).



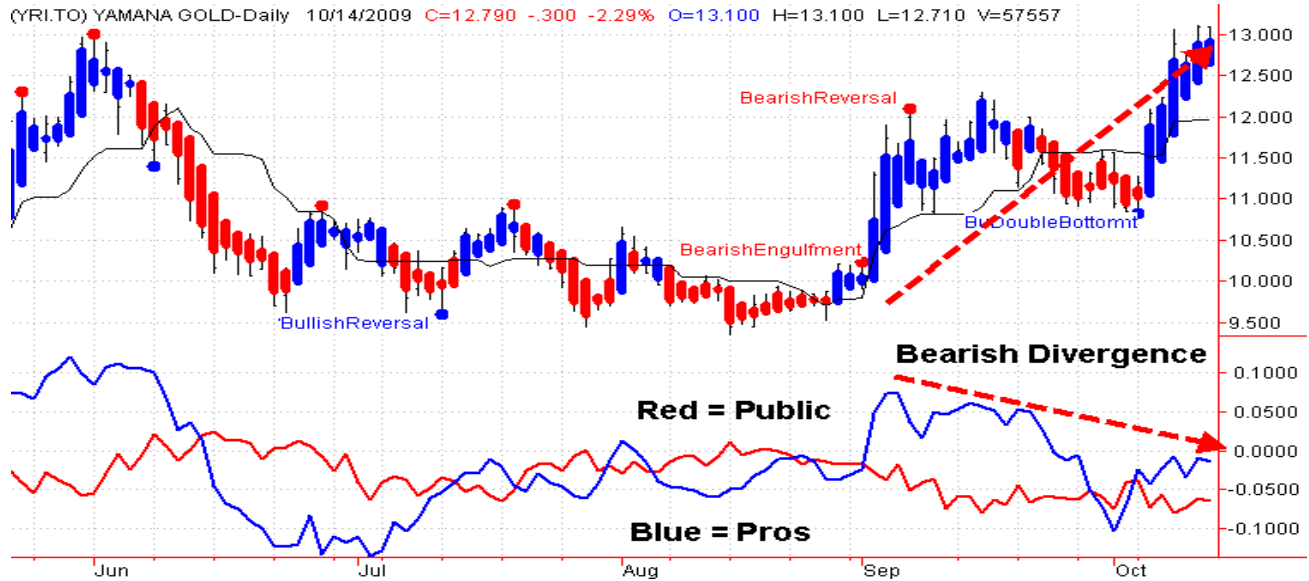
Note: theUpTrend.com charts are colour-coded: **Blue** = Bullish; and **Red** = Bearish.

If the stock can break out above the June highs and close there on a weekly basis, then the next targets to the upside would be \$14.06 and \$15.63, as shown in the chart below.



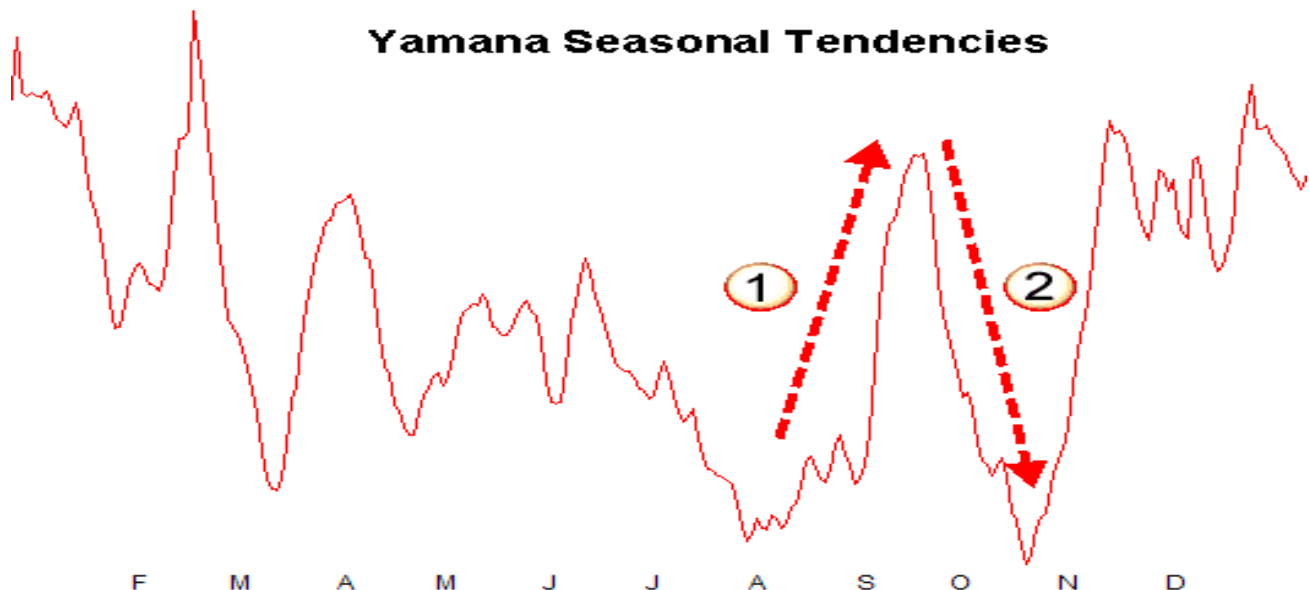
ACTION OF THE PROS

Since the start of September, the Professional Investors (financial institutions and money/portfolio managers) have not been bullish on the stock, even though the stock's price has been rising along with the price of gold. This discrepancy between the rising price and the falling participation by the Pros is called Bearish Divergence. This divergence can be rectified by either falling prices or rising participation by the Pros.



SEASONALITY

Given Yamana's seasonal tendencies (see next chart), the current discrepancy likely will be settled by falling prices.

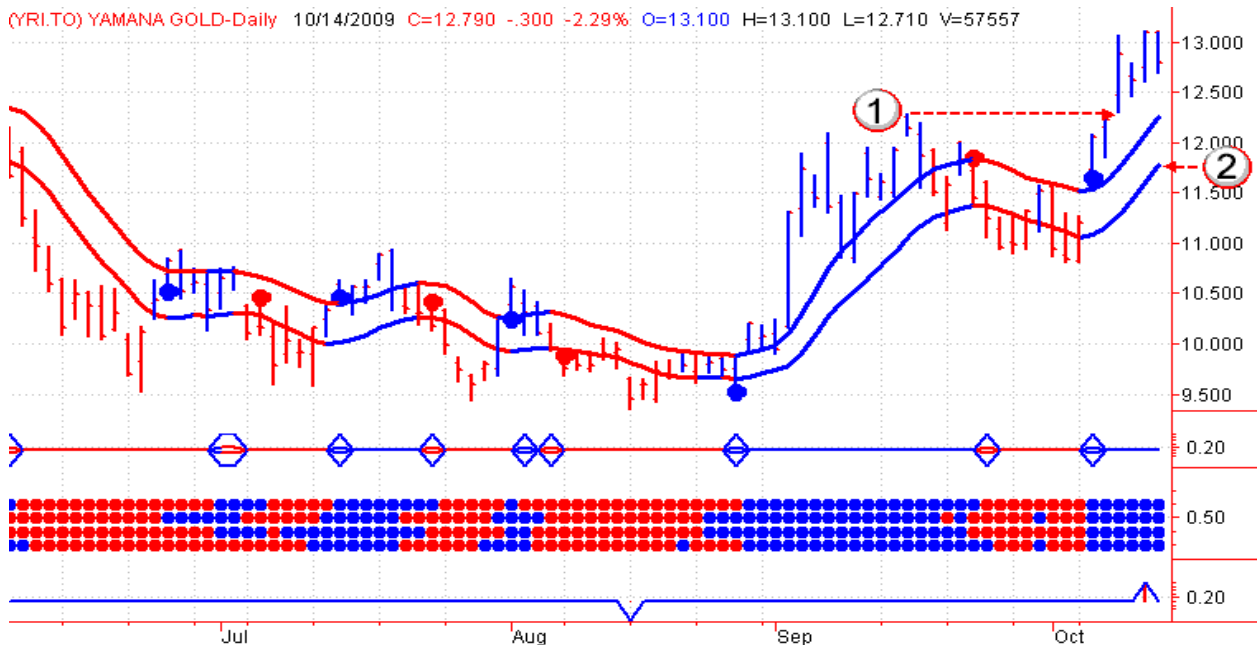


SUPPORT

If there is a pullback, there should be support in the \$10.60 to \$11.20 area (see arrows in chart below). If market conditions for gold stocks get worse, the stock could potentially decline to the \$9.38 - \$9.50 area. In both cases, investors should consider purchase off of these support areas because the stock has strong positive seasonal support into a new year.



Investors looking to defend against the stock's lower seasonal tendency should keep an eye on two price points. The first point is if the stock breaks below the September highs of \$12.29 [1]. The second is at a daily close below \$11.75, which would give a new Daily Sell Signal [2].



CONCLUSIONS

There are three concerns for investors:

1. The stock is stuck at June highs and has not been able to close above them on a weekly basis.
2. There have been two major divergences in this stock. The first is the divergence between the rising price of gold and this company's range-bound stock price. And the second divergence is between this stock price and the participation by the Pros. We consider both to be bearish for the stock.
3. The seasonal tendencies for this stock have been to rise into the current time-frame, peak, and then move down over the next couple weeks.

We believe that given these three concerns, investors should develop an exit strategy that fits with their overall investment goals.

We would buy the stock at lower prices, and we should be able to do this in the not too distant future.



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