

YAMANA INC.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

DATED AS OF OCTOBER 16, 2007

I. PURPOSE

The Compensation Committee is a committee of the Board of Directors of Yamana Gold Inc. (the “Company”) with the primary function to assist the Board of Directors in fulfilling its oversight responsibilities by:

- Reviewing and approving and then recommending to the Board of Directors salary, bonus, and other benefits, direct or indirect, and any change-of-control packages of the Chairman and Chief Executive Officer;
- Considering and approving the recommendation of the Chairman and Chief Executive Officer on the salary, bonus, and other benefits, direct or indirect, and any change-of-control packages of the Chief Financial Officer and Chief Operating Officer;
- Reviewing compensation of the Board of Directors on at least an annual basis;
- Administration of the Company’s compensation plans, including stock option plans, outside directors compensation plans, and such other compensation plans or structures as are adopted by the Company from time to time;
- Research and identification of trends in employment benefits;
- Establishment and periodic review of the Company’s policies in the area of Management benefits and perquisites based on comparable benefits and perquisites in the mining industry.

II. COMPOSITION AND MEETINGS

The Compensation Committee shall be comprised of at least three directors, all of whom shall be an “independent director” within the meaning of National Policy 58-201 *Corporate Governance Guidelines*, as outlined in attached Schedule “A”. Pursuant to Canadian corporate governance guidelines (except in British Columbia), in order to be considered “independent”, directors shall have no direct or indirect material relationship with the Company. In British Columbia, a director shall be considered independent unless a reasonable person with knowledge of all relevant circumstances would conclude that the director is in fact not independent of management or of any significant shareholder. Each Compensation Committee member shall

also possess skills and/or experience which are relevant to the mandate of the Compensation Committee.

The members of the Compensation Committee shall be elected by the Board of Directors at the annual organizational meeting of the Board of Directors or until their successors are duly elected. Unless a Chairman is elected by the full Board of Directors, the members of the Compensation Committee may designate a Chairman by majority vote of the full membership of the Compensation Committee.

The Committee may ask members of Management or others to attend meetings or to provide information as necessary. The Compensation Committee may retain and terminate the services of outside compensation specialists and other advisors to the extent required, and shall have the sole authority to approve their fees and other retention terms. The Company shall provide for appropriate funding, as determined by the Committee, for payment to any compensation specialist or other advisors retained by the Committee, search firms, counsel or other consultants.

Quorum for the transaction of business at any meeting of the Compensation Committee shall be a majority of the number of members of the Compensation Committee or such greater number as the Compensation Committee shall by resolution determine.

Meetings of the Compensation Committee shall be held from time to time as the Compensation Committee or the Chairman of the Compensation Committee shall determine upon 48 hours notice to each of its members. The notice period may be waived by a quorum of the Committee.

III. RESPONSIBILITIES AND DUTIES

Responsibilities and duties of the Compensation Committee include:

1. Annually reviewing and revising this Charter as necessary with the approval of the Board of Directors.
2. Providing periodic reports to the Board of Directors on compensation matters.
3. Annually reviewing and making recommendations to the Board of Directors upon the recommendation of the Chairman and Chief Executive Officer with respect to the Company's overall compensation and benefits philosophies and programs for the Chief Financial Officer, the Vice President of Business Development and the President and Chief Operating Officer, including base salaries, bonus and any incentive plans, deferred compensation and retirement plans and share purchase or issuance plans including stock options. As part of its review process, the Compensation Committee will review peer group and other mining industry compensation data reported through surveys and other sources.

4. Annually reviewing and making recommendations to the Board of Directors with respect to the Company's compensation and benefit programs for the Chairman and Chief Executive Officer, including base salary, bonus or other performance incentives and stock options. In setting the Chairman and Chief Executive Officer's salary, the Compensation Committee will take into consideration salaries paid to chief executive officers in the mining industry. The Chairman and Chief Executive Officer's contribution towards the Company's achievement of business goals and objectives for the previous financial year will form the basis for the Compensation Committee's recommendations concerning bonus or other performance recognition awards.
5. In consultation with the Chairman and Chief Executive Officer, reviewing and making recommendations to the Board of Directors with respect to the implementation or variation of stock option, share purchase plans, compensation and incentive plans and retirement plans. The number of options granted will give consideration to the potential contribution an individual may make to the success of the Company.
6. The Compensation Committee shall prepare a report on Executive Compensation on an annual basis in connection with the preparation of the annual Information Circular or as otherwise required pursuant to applicable securities laws and ensure that it reviews all executive compensation disclosure before it is publicly disclosed.
7. The Report on Executive Compensation should describe the process undertaken by the Compensation Committee and should speak specifically to the weighting factors and target levels set out in the determination of the executive's compensation. Where there are no clearly pre-established targets or payout ranges, the Report on Executive Compensation should clearly indicate this fact.
8. The Compensation Committee is responsible for reviewing and recommending to the Board the compensation of the Board of Directors including, annual retainer, meeting fees, option grants and other benefits conferred upon the Board of Directors.
9. The Compensation Committee is responsible for viewing and submitting to the Board of Directors as a whole, recommendations concerning executive compensation and compensation plan matters. Unless such matters are delegated specifically to the Compensation Committee, the Compensation Committee shall only make recommendations to the Board of Directors for their consideration and approval, if appropriate. The Board of Directors will have the responsibility to instruct management to implement the directives.

Dated: October 16, 2007.