



# STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

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## NEWS RELEASE

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### Queenstake, NDEP sign agreement; Jerritt Canyon Mine to be allowed to restart after court filing

CARSON CITY – The Nevada Division of Environmental Protection (NDEP) announces today the completion of an agreement with Yukon-Nevada Gold Corp.’s Queenstake Resources USA Ltd. (Queenstake) that addresses environmental compliance at the Jerritt Canyon Mine. The consent decree, signed by the NDEP and Yukon-Nevada Gold, was submitted to the Elko County District Court Monday, Oct. 12. Following the official court approval of the decree, the Jerritt Canyon Mine may resume operations.

The consent decree requires Queenstake to correct all environmental non-compliance issues and make extensive environmental improvements. It also requires provisions for stipulated penalties should the company not meet deadlines included in the decree. The decree consolidates all outstanding enforcement actions called for by the NDEP. Queenstake has also agreed to pay a \$550,000 settlement.

“We are satisfied with the agreement that we’ve reached with Queenstake as it addresses our environmental concerns at the Jerritt Canyon Mine,” said Leo Drozdoff, NDEP Administrator. “NDEP staff will closely monitor activities to ensure the Jerritt Canyon Mine is in full compliance with the agreement and all appropriate regulatory requirements.”

The consent decree requires extensive operational monitoring of process and emissions controls, including monthly mercury emissions testing to ensure the systems are operating as designed. The decree also requires continued improvements of fluids management systems, implementation of environmental audits and compliance plans for air quality, and the addition of emissions controls on supporting process equipment.

On June 5, 2009 the NDEP ordered Queenstake to cease mill and roaster operations at the Jerritt Canyon Mine. Since then, Queenstake and the NDEP have worked closely to address all outstanding compliance issues that have accrued since 2006.

## **HISTORY**

In December 2006, the NDEP issued violations to Queenstake for failure to properly maintain process equipment and air pollution control systems. This started a year-long investigation by NDEP to determine if the emissions control systems, including mercury emissions control equipment were operating properly. In February 2007, Queenstake was ordered to evaluate the air pollution control systems for the two roaster circuits and to verify their performance through emissions testing. Queenstake failed to fully conduct the required evaluations and in March 2008, the NDEP ordered Queenstake to cease operation of the roaster circuits.

In April 2008, NDEP worked with Queenstake on a restart plan that included additional operational changes and controls, and the installation of the calomel-based mercury control system. In August 2008, Queenstake independently shut down all operations and consequently failed to meet NDEP's established conditions.

After the company installed a continuous emissions monitoring system, optimized the continuous roaster control systems and completed the design for the new mercury controls, the NDEP allowed Queenstake to restart ore processing operations in March 2009. As part of that NDEP order, Queenstake was required to commence operation of the new control system by May 30, 2009. Queenstake failed to meet this deadline and NDEP ordered Queenstake to cease operations in June 2009. The Jerritt Canyon Mine has remained shut down since that time.

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