

KETZA RIVER PROPERTY

Yukon-Nevada Gold Corp.

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Stock symbol: YNG (Toronto Venture Exchange)

PROJECT STATUS

Active exploration; feasibility



Location

51 km south of Ross River

Ownership

Yukon-Nevada Gold Corp.

Commodity

Gold, silver

Ore type

Sulphide, oxide

Mineral resource* (using 1.0 g/t Au cut-off for material inside optimized pit and 3.0 g/t Au for material potentially mineable by underground methods outside the optimized pit)

Total Measured open pit and underground: 0.712 million tonnes grading 6.40 g/t Au

Total Indicated open pit and underground: 3.370 million tonnes grading 4.61 g/t Au

Total Inferred open pit and underground: 1.076 million tonnes grading 3.26 g/t Au

*NI 43-101-compliant report by SRK Consulting, April, 2008

Mining method

Underground and open pit

Power

3 MW, on-site diesel planned

HISTORY

Exploration activity began in the Ketz River district in 1947 with the discovery of silver-lead veins on the nearby Iona property by Hudson Bay Mining and Smelting Company Limited. On the Ketz property to the west, gold was discovered in 1954 and 1955 by prospectors working for Conwest Exploration Company Limited. From 1955 until 1960, Conwest explored the Ketz River sulphide-gold deposit with trenching and 59 drill holes and outlined 75 000 tonnes grading 12 g/t Au. Work completed by Conwest was frequently conducted under harsh conditions, often involving a two-day sled dog or packhorse trip to and from the site for supplies. Packhorses were also used for drill moves. Given a \$35 per ounce gold price and difficulties in working in this remote location, the project was mothballed.

The Ketz River property was optioned by Pacific Trans-Ocean Resources in late 1983. Pacific Trans-Ocean and

Canamax entered a joint-venture agreement to explore and develop the property in early 1984, with Canamax the operating partner. After three years of aggressive exploration, oxide reserves totalling 495 800 tonnes at 18 g/t Au were established. Sulphide reserves of equal size but lower grade were delineated. A production decision, based solely on the oxide reserves, was approved early in 1987. Facilities for a 320-tonne/day mining and milling operation were constructed in 1987. The first gold bar was poured on April 28, 1988 and the mine was officially opened on July 21, 1988. In April, 1989, Canamax Resources Inc. purchased Pacific Trans-Ocean's share of the property and became 100% owner of the Ketz River mine.

The mine operated from July, 1988 until October, 1990 when the oxide reserves were depleted. The mine produced over 100,000 oz. (3 million g) Au.

In 1992, Wheaton River Minerals Ltd. purchased the property and equipment of the former Ketz River mine. Responsibility for all operations at the Ketz River site shifted to Wheaton River on August 24, 1992 with the formal closing of the agreement in late November, 1992. Wheaton River Minerals (WRM) formed Ketz River Holdings (KRH), a 100% owned subsidiary, to cover the assets of the Ketz River mine. In August, 1993, Ketz River Holdings optioned the Shamrock zone of the Ketz River mine property to Hemlo Gold Mines. The option was dropped in 1995. In 1994, WRM sold KRH to YGC Resources Ltd. for shares.

During 1994 to 1996 YGC focused on exploring the manto zones, drilling 7477 m in 86 diamond-drill holes. This drilling resulted in the discovery of additional oxide mineralization and also in the reinterpretation of geological controls on the gold mineralization.

In April, 1997, WRM sold its entire shareholding in YGC to BYG Natural Resources and responsibility for all operations at the Ketz River site shifted to BYG. In June, 1997, YGC Resources Ltd. concluded a deal with BYG Natural Resources where BYG purchased an additional 16.5% of the issued and outstanding shares of YGC. BYG would receive 50% of future mine production. The property was dormant from 1998 until 2004. In the later part of 2004, the company commissioned a series of private placements. The proceeds of this were used to commission a technical report updating the mineral resource estimate for the property and to prepare the property and access to it for reactivation. In October, 2004, an updated resource calculation was completed.

On April 15, 2005, YGC was relisted on the Toronto Venture Exchange and began a \$5 million exploration program on the Ketz property. The company completed 95 diamond-drill holes for a total of 12 485 m.

On July 26, 2005 the company signed a Memorandum of Understanding with the Ross River Dena Council for its participation in the exploration of the Manto and Shamrock deposits on the Ketz River property.

In 2006, the company completed 29 500 m of diamond drilling in 238 holes. On June 21, 2007, YGC changed its name to Yukon-Nevada Gold Corp. following the acquisition of Queenstake Resources Ltd., which was announced in early February, 2007. On July 27, 2007, the Company was granted a Class "A" Water Use License by the Yukon Water Board.

In January 2008, the company released a new NI 43-101-compliant resource figure for the Ketz River property. The figures are based on a cut-off grade of 1.0 g/t Au for material inside the optimized pit and 3.0 g/t Au for material potentially mineable by underground methods outside the optimized pit. Total Measured resources for open pit and underground equal 712 200 tonnes grading 6.40 g/t Au, while total Indicated resources for open pit and underground equal 3 369 500 tonnes grading 4.61 g/t Au. Total Measured and Indicated resources for open pit and underground equal 4 081 700 tonnes grading 4.93 g/t Au.

During the summer of 2008, Yukon Nevada continued drilling and focussed on geotechnical and metallurgical test work on the property.

PROJECT SUMMARY

The Ketz mine area is located 51 km south of Ross River, Yukon. The property consists of 242 quartz claims and fractions. Another 66 claims have been converted to mining leases covering 2110 acres (854 ha.).

A total of 100,000 oz. (3 million g) Au was produced between April, 1988 and November, 1990.

Geology, mineralogy and ore reserves

YGC focussed on manto exploration during 1994 to 1996. Drilling on manto targets has totalled 7477 m in 86 holes. This drilling resulted in the discovery of additional oxide mineralization and also in the reinterpretation of geological controls on the gold mineralization. In addition, the majority of the 476 holes drilled by Canamax between 1984 and 1990 were relogged as a result of the new geological interpretation. This activity has contributed to a better understanding of the property geology and helped define diamond-drill targets. Three limestone beds are now recognized to preferentially host auriferous mantos within the massive Lower Cambrian limestone Unit 1d. Structural deformation has produced repetition of the favourable stratigraphic beds and thickening along fold axes.

The Fork, McGiver, Hinge, Chimney, Hoodoo, and Tarn zones were drill tested with positive results in the 1994 to 1996 programs. Extensions of the Break and Nuzones were also tested and can be correlated with the Fork, McGiver and B-Mag zones. The zones occur as discontinuous bodies within a broad mineralized horizon that hosts the major manto deposits on the property.

Oxide mineralization at the Fork zone has been intersected in 32 drill holes. Oxides are present across widths of 10 to 30 m and along 170 m on a northeast trend.

The Chimney zone, discovered in 1994, is a narrow oxide seam containing high-grade gold values near surface (2.0 m grading 36.44 g/t Au in ddh # 486) which decrease rapidly at depth (2.9 m grading 7.39 g/t Au at a depth of 15 m in ddh #521). The Chimney zone contains a small high-grade source of oxide ore which could be partially mined from a surface cut. Other significant oxide intersections in 1995 - 96 include: 7.1 m grading 15.42 g/t Au (ddh #549) at the McGiver zone; 2.35 m grading 15.78 g/t Au (ddh #547) at the B-Mag zone; and 5.3 m grading 8.43 g/t Au (ddh #567) at the Hoodoo zone.

An unmined oxide resource block was defined at the Nuzone (Hodgson 1991).

Sulphide manto deposits occur in a massive discontinuous blanket west of the Peel/Ridge oxide deposits. The sulphide mineralization occurs throughout an area of 400 m by 400 m with thicknesses of 10 to 25 m. A 1996 test hole (#561) confirmed the ore grades within the Peel West zone (15.8 g/t Au over 4.5 m and 9.3 g/t Au over 4.75 m). Drill hole #559 intersected 15.0 m of massive sulphides grading 7.93 g/t Au (including 9.0 m grading 11.3 g/t Au) in a new zone 200 m north of the Peel West zone within the same stratigraphic horizon.

The Hoodoo zone oxide mineralization target lies on a major northwest-striking fault zone which controls mineralization in the Lab zone and Calcite zone gold deposits. Results for the first hole, KR-07-1108, starting at bedrock, show a true thickness of 16.3 m averaged 5.97 g/t Au. This included 1.7 m of 23.3 g/t Au.

Resource estimate at 1 g/t Au cut-off (Giroux Nov., 2005)

	Tonnes 000s	Grade g/t Au	Contained ounces
Manto-Measured	1410	3.54	160,500
Manto- Indicated	4540	2.84	414,100
Shamrock (no change)	2590	2.19	182,000
Measured and Indicated	8540	2.76	756,700
Manto-Inferred	10 550	2.37	805,200
Shamrock (no change)	4030	1.93	249,200
	14 580	2.25	1,054,400

Exploration and development plans

YGC conducted a diamond-drilling program in 1995 during which additional oxide gold mineralization was identified. Exploration and a reinterpretation of the property geology at Ketza River led to the discovery of two new oxide zones, the Fork zone and the McGiver zone, and an extension to the B-mag zone. The company spent close to \$500 000 on the property during 1995.

YGC drilled 21 widely spaced diamond-drill holes on the Shamrock zone during 1996. The holes were drilled over a strike length of 1300 m across a width of 700 m and over a vertical interval of 750 m, with the objective of defining controls to gold mineralization within a large, coincident gold-in-soil, magnetic and visual colour anomaly. Assay results and observed styles of mineralization were consistent with YGC's exploration target of a bulk tonnage, low-grade disseminated and stockwork deposit within a portion of the large anomalous area. An intensive program of prospecting and mapping was completed in 1996 to investigate a number of other gold geochemical and coincident geophysical anomalies on the Ketza property.

In 1997, BYG Natural Resource acquired an additional 16.5% of YGC Resources. The agreement called for the milling of Ketza ores at the Mount Nansen mill and for revenues to be shared 50/50 net of costs, with BYG advancing pre-production costs. BYG also acquired net smelter return royalties on the Ketza River property. In 1997, YGC Resources continued to explore the Ketza River property. Diamond drilling in the area of the McGiver, Nu and B-mag zones was directed towards demonstrating continuity between the zones. Drill hole KR-97-587 suggested a connecting mineralization between the Nu zone and McGiver, with an intersection of 6.1 m grading 16.3 g/t Au in oxide mineralization. Drilling also intersected a new zone of oxide mineralization named the McDood. Two intersections 100 m apart returned assays of 6.7 g/t Au over 4.7 m and 4.6 g/t Au over 5.8 m. The 1997 program was aimed at increasing oxide reserves on the former producing-mine property in preparation for possible production in 1998. In 1997, YGC also conducted work on the Shamrock zone, a bulk-tonnage low-grade gold target. The Shamrock zone was tested with widely spaced drilling in 1996 which returned numerous intersections. The 1997 work included detailed mapping, sampling and re-logging of all core drilled by previous operators. A gold-bearing magnetite skarn was intersected in the 1997 drilling, below and offset from the Fork zone.

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The company is continuing the process of permitting the re-opening of the mining and milling operations at Ketz River. The company was recently awarded a Class A Water Use license for the mine site. A further Class A Water Use license will be required to allow the company to re-open the mining and milling facilities. Exploration continues at the Ketz River mine focusing on both the Manto and Shamrock zones.

Geotechnical, engineering and metallurgical work in 2008 will provide information for the completion of a feasibility study that is in progress.