

## YUKON-NEVADA GOLD CORP. (\$0.125; YNG: TSX)

**Recommendation:** Sell (No Change)

**Target Prices:** N/A

### RECENT DEVELOPMENTS: DISCOURAGING NEWS

#### BACKGROUND

In an August 11, 2008 eResearch Bulletin, we announced a change in our Recommendation for Yukon-Nevada from Speculative Buy to Sell. At the same time, we rescinded our 1-year and 3-year Target Prices and established a new 6-month Target of \$0.30-\$0.70 per share.

Our actions followed news of the suspension of the underground operations at Yukon-Nevada's Jerritt Canyon Project in Nevada and the breakdown of a financing arrangement with Investec (for details see our Bulletin at [www.eresearch.ca](http://www.eresearch.ca)). At the time of writing of our Bulletin, the stock was trading at \$0.43 per share.

The share price continued to move in a downward trend during the week, closing on August 15 at \$0.28.

#### AUGUST 15 ANNOUNCEMENT

After the August 15 market close, however, Yukon-Nevada issued another press release that contained more bad news: (i) The recently refurbished mill had been shut down for repairs due to a malfunction; (ii) mining contractors Small Mine Developers, which had been hired to continue mining at the Smith Mine at Jerritt Canyon, had demobilized its equipment and personnel; and (iii) Chief Financial Officer Christopher Oxner had resigned, and the resignation was effective immediately.

Yukon-Nevada noted in its news release that it was considering "various plans to maximize the short-term and long-term value of its investment in the Jerritt Canyon Mine in light of current economic difficulties" and that "the pre-feasibility study at the Company's Ketz River Project in the Yukon Territory in Canada is continuing on schedule".

The stock dropped further on August 18, touching a 52-week low of \$0.115 per share and closing at \$0.125.

**COMMENT:** *Clearly, this is a company in real trouble. Its principal project, Jerritt Canyon, has been shut down. Its mill, which was providing some cash flow, has been shut down. Its Chief Financial Officer has resigned, with no explanation given. Its only business right now seems to be a pre-feasibility study - currently being prepared - on its Ketz River project in the Yukon.*

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**COMMENT:** *With the shutdown of most of Yukon-Nevada's operations, the Company no longer generates cash flow to fund its business. Unless Yukon-Nevada is able to raise new equity shortly, there is a real risk of this company shutting down altogether. If that were to happen, some assets may be able to be sold, but the final result would be that there would likely be little left for shareholders.*

## RECOMMENDATION

In our Recommendation last week, we said that until Jerritt Canyon was clarified, we believed investors would focus on junior mining entities with better short-term prospects and, accordingly, the stock was a Sell. We also said that longer term, if Yukon-Nevada management can make a “go” of Jerritt Canyon, the Company and its shares should perform well. In the light of the latest announcements, we believe there is a real risk that the Company may not survive. At this point, there is little on which to value the shares. Accordingly, we are unable to provide a Target Price and we iterate our “Sell” Recommendation.

## RATINGS HISTORY

<b>Date</b>	<b>Report Type</b>	<b>Recommendation</b>	<b>Stock Price</b>	<b>Target Price</b>
Feb. 29, 2008	Initiating	Speculative Buy	\$1.52	\$3.30 (1-Year) \$5.90 (3-Year)
Mar. 4, 2008	Bulletin	No Change	\$1.59	No Change
Mar. 17, 2008	Bulletin	No Change	\$1.66	No Change
Apr. 3, 2008	Bulletin	No Change	\$1.74	No Change
Apr. 28, 2008	Bulletin	No Change	\$1.44	No Change
May 2, 2008	Bulletin	No Change	\$1.40	No Change
May 20, 2008	Bulletin	No Change	\$1.38	No Change
June 16, 2008	Bulletin	No Change	\$1.12	No Change
June 27, 2008	Bulletin	No Change	\$1.22	No Change
July 8, 2008	Bulletin	No Change	\$1.18	No Change
July 30, 2008	Bulletin	No Change	\$0.95	No Change
Aug. 11, 2008	Bulletin	Sell	\$0.43	\$0.30-\$0.70 (6-MONTH - NEW)
Aug. 19, 2008	Bulletin	Sell	\$0.125	N/A

**High-Low Since Initiating:** \$1.80-\$0.115

## THE COMPANY

Yukon-Nevada Gold Corp. is involved in the exploration, development and operation of gold projects. The Company has properties in the Yukon Territory and British Columbia in Canada, and Arizona and Nevada in the USA.

**NOTE:** *eResearch reports on Yukon-Nevada Gold Corp. and other companies are available FREE on our website at [www.eresearch.ca](http://www.eresearch.ca).*

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