THE SOURCE OF INDEPENDENT EQUITY RESEARCH

Initiating Report — **February 29, 2008**

YUKON-NEVADA GOLD CORP.

($1.52: TSX-YNG)

Recommendation
Speculative Buy

Risk
High

Price (February 28)
$1.52

52-Week Range
$2.29 - $1.05

Target Price
1-Year: $3.30
3-Year: $5.90

Potential Return
1-Year: 2.2x
3-Year: 3.9x

Shares O/S
175.1 million

Market Cap
$266 million

Average Daily Volume
20-day: 156,000
150-day: 265,900

Year-End
December 31

C$	BVPS
2005A	$0.37
2006A	$0.51
2007E	$1.22
2008E	$1.27

BVPS: Book Value Per Share

Analysts

This report was written by a contracted analyst, and was vetted and approved by the *e*Research Investment Committee

Bob Weir, B.Sc., B.Comm, CFA
Director of Research

Data Source: www.BigCharts.com

UPFRONT

An acquisition transforms Yukon-Nevada Gold into a gold producer. That means cash flow for exploration and/or acquisitions of either properties or companies. Cash rich, strong institutional holdings, and an intriguing joint-venture all add to the speculative appeal of this company.

RECOMMENDATION

*e*Research has initiated coverage of Yukon-Nevada Gold Corp. ("Yukon-Nevada" or the "Company") with an initial Recommendation of Speculative Buy. Our 1-year Target Price is $3.30 per share, compared to the recent share price of $1.52, and our 3-year price objective is $5.90.

PROFILE

Yukon-Nevada Gold Corp. is a gold producer involved in the exploration, development and operation of gold deposits. The Company has a diverse portfolio of properties and commodities.

HIGHLIGHTS

- Yukon-Nevada is a junior gold producer with financial resources to significantly expand production both organically and through acquisitions.
- Revenue from gold production can help finance exploration and development.
- Company is well-positioned for growth following June 2007 acquisition of Queenstake. Resources and $72 million private placement.
- Recently partnered 50:50 with a "deep-pocketed" Chinese company to fund early-stage exploration.
- Significant institutional ownership.
- Strong corporate governance culture adds credibility.
- Challenges include the need to expand proven reserves at Jerritt Canyon in Nevada, reduce production costs, and increase market awareness.

CONTENTS

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THE COMPANY

Vancouver-based Yukon-Nevada Gold Corp. is a North American gold producer in the business of exploring, developing, and operating gold deposits.

The Company holds a diverse portfolio of gold, silver, zinc and copper properties in the Yukon Territory and British Columbia in Canada, and in Nevada in the United States.

Yukon-Nevada's focus has been on the acquisition and development of late-stage development and operating properties with gold as the primary target. Continued growth will occur by increasing or initiating production from the Company's existing properties, and by further acquisitions.

The Company was formed in June 2007 following the acquisition of Queenstake Resources Ltd. by YGC Resources Ltd., to form Yukon-Nevada Gold Corp. Shareholders of YGC received one common share of Yukon-Nevada for each share of YGC held, and shareholders of Queenstake received one common share of Yukon-Nevada for each ten shares of Queenstake held.

The Company's largest shareholders include Sentry Select Capital Corp. (11.2%); Sprott Asset Management (6.5%); Tocqueville Asset Management (4.8%); Peh Wertpapier Ag (4.4%); and Mackenzie Financial Corporation (2.8%).

PROPERTIES

The Company's properties are set out in the following table:

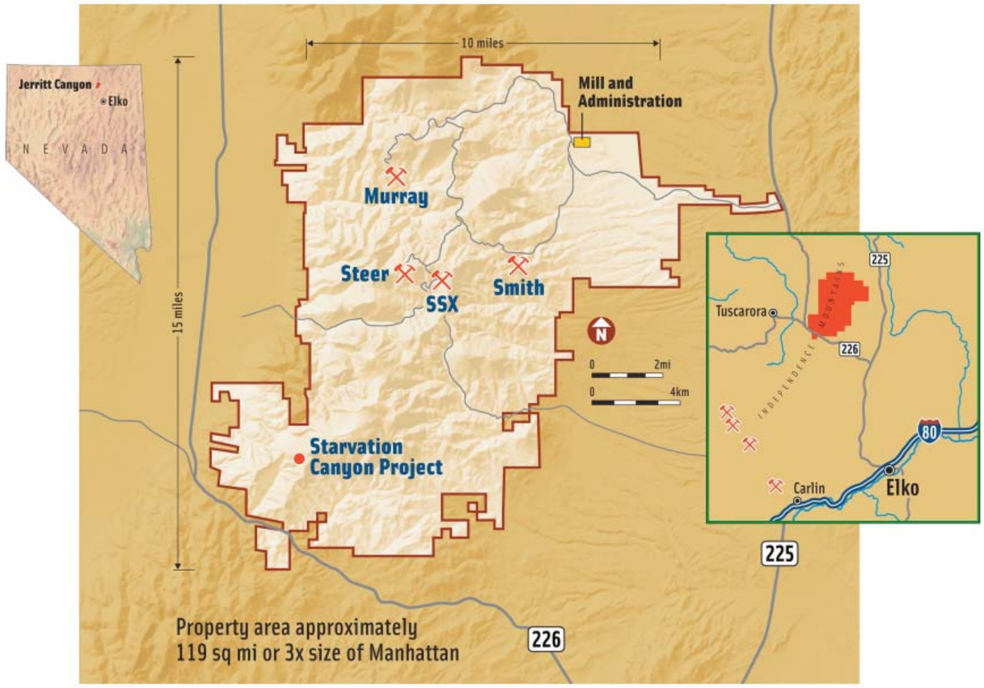
Table 1. Company Properties

Properties	Status	Metal	Ownership
Jerritt Canyon Nevada	Producing at 120,000 oz/yr Plus purchased ore 100,000 oz/yr Late exploration	Gold	100%
Ketza River Manto Zone Yukon	Past producer, Late exploration	Gold	100%
Ketza Shamrock Zone Yukon	Late exploration	Gold	100%
Silver Valley Yukon	Late exploration	Lead, Silver Copper, Gold	100%
Silver Bar South Yukon	Early exploration	Copper, Gold	100%
Wolf Property Yukon	Early exploration	Zinc, Lead, Silver	34.4% JV with Atna Resources
Money Property Yukon	Early exploration	Copper, Silver, Gold	100%

Source: Company

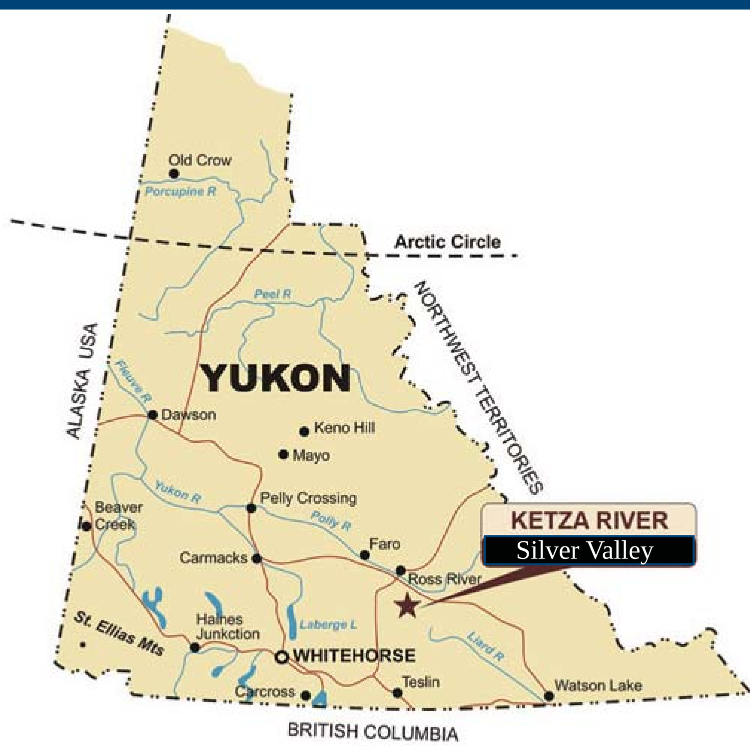
The following maps show the location of the Company's properties:

Figure 1. Nevada Property



Source: Company

Figure 2. Yukon Properties



Source: Company

In the Yukon, the Manto Zone and Shamrock Zone are next to each other, and make up the Ketza River Project. Silver Valley is 8 kilometres to the east of the Ketza River mine site. The remaining Yukon properties are located just to the east.

Growth Strategy

The Company's focus has been on the acquisition and development of late-stage development and operating properties with gold as the primary target. Growth will continue through increasing or initiating production from the Company's existing properties and by further acquisitions of either properties or mining companies.

Chinese Joint Venture

Yukon-Nevada's growth strategy has been augmented by the formation of a joint venture with a Chinese investment company to carry out early-stage exploration on new acquisitions, which it has been unable to do to date. In the meantime, Yukon-Nevada will continue to develop and produce from its existing 100%-owned properties in the Yukon and Nevada.

The completion of an agreement between Yukon-Nevada and Northwest Non-Ferrous International Investment Company Limited ("NWI"), a Chinese investment company 100% owned by Northwest Mining and Geological Exploration Bureau for Non-Ferrous Metals ("NWME"), to form a new Canadian company, which will explore for and develop mineral resources in the Yukon Territory, Canada, provides a valued addition to the Company's abilities. It means that the Company will now have the opportunity to access the experience and skills that will allow for the exploration for molybdenum, titanium, rare earth metals, aluminum, lead, zinc, gold, silver, uranium, copper and vanadium.

The joint-venture company is named Yukon-Shaanxi Gold Company Inc. ("Yukon-Shaanxi"), and is owned 50/50 by Yukon-Nevada and NWI. The initial Board of Directors of Yukon-Shaanxi comprises six directors, with equal representation from each of the owners. The President and Chief Executive Officer of Yukon-Shaanxi is Graham Dickson, current CEO of Yukon-Nevada.

STRENGTHS AND CHALLENGES

Strengths:

- **Producing Cash Flow:** The gold production at the Jerritt Canyon property in Nevada is currently at a rate of 120,000 ounces per year. This will help provide funding for further exploration, reducing the dilutive impact of further share issuance that other pure exploration companies would incur.

- **Corporate Governance:** The strong board of directors has broad corporate experience with major blue-chip firms, and has instituted solid corporate governance guidelines for Yukon-Nevada. With its state-of-the-art Corporate Governance Manual, the Company's goal is to be recognized as a leader for quality and comprehensiveness of its financial reporting and governance practices. This is refreshing for an industry known for opposite traits.

- **Solid Funding Position:** With approximately $45 million in the bank, Yukon-Nevada is well-funded to advance exploration and development of its projects. In addition, the Yukon-Shaanxi 50:50 joint venture is a smart approach to raising funding (and maintain upside) for early exploration in the Yukon, while the Company focuses on its other wholly-owned properties.

- **Additional Production Potential:** The Company is scheduled to commence production at its Ketza River Mine in 2010 at approximately 100,000 oz/year, and also at its Starvation Canyon (part of the Jerritt Canyon property) in Nevada in 2010, at approximately 50,000 oz/year. This should significantly augment cash flow.

- **Environmental:** Yukon-Nevada has already earned a solid reputation for looking after the environment. It recently received the Robert E. Leckie Award for its reclamation of the former Ketza mine site.

Challenges:

- **Reputation of Jerritt Canyon:** The previous owner/operator of the Jerritt Canyon mine had a poor performance record, and continuously over-promised and under-delivered. Yukon-Nevada has been working hard to rectify this problem and reduce the relatively high cost of production (approx. $500/oz).

- **Resource Expansion at Jerritt Canyon:** In order to continue producing at Jerritt Canyon and minimize the amount of lower margin purchased ore, the resource base will need to be expanded further. Accordingly, management has planned to spend $12 million on exploration at Jerritt in 2008.

- **Lack of Market Awareness:** There is a need to raise the profile of the Company and increase awareness of this promising junior gold producer.

- **Industry Pressures:** Similar to most other companies in the industry, Yukon-Nevada is experiencing a shortage of equipment and supplies.

FINANCIAL REVIEW AND OUTLOOK

Currency: Yukon-Nevada reports its financial results in U.S. dollars and, accordingly, the following financial discussion is in U.S. dollars. Given that the Company's cash flow is generated in U.S. dollars, but many of its expenses are paid in Canadian dollars, the weakening U.S. dollar has a negative impact on the Company's financial performance.

Revenue: The Jerritt Canyon mine had gold sales of $26.2 million in Q3/07, with gross margin of $7.5 million. For 2008, we are forecasting 120,000 ounces of production at an average price of $800 per oz., producing gross revenue of $96 million.

Cash: Yukon-Nevada currently (mid-February 2008) has cash of approximately $45 million, which leaves the Company well positioned for funding its exploration program. In fact, since it is now into production, cash balances are building up, and can be used for acquisition of properties or mining companies. Cash is held in bank deposits, and there is no exposure to asset-backed commercial paper (ABCP) investments.

Exploration Spending ("Capex"): In 2007, capex capital spending was approximately $18 million in 2007, and we anticipate spending of approximately $20 million in 2008. This will include approximately $12 million of exploration at Jerritt Canyon and $8 million for exploration at Ketza River.

Burn Rate: The Company's (non-exploration) non-discretionary expenses; i.e., salaries, office and administrative, accounting fees, etc. for the first nine months of 2007 averaged $263,000 per month. However, this is distorted by the Queenstake merger in June 2007. Looking forward, we anticipate the increased activity and hiring will result in an average monthly burn for 2008 in the range of $350,000-$400,000.

Financing: Concurrent with the acquisition of Queenstake Resources in June 2007, the Company raised $71.7 million in a private placement financing. Consequently, the Company has financing in place to undertake an ongoing aggressive drilling program.

Debt Funding: Yukon-Nevada has no debt outstanding.

Commitments: The Company has the following commitments:

(1) The Company has an agreement for the purchase and sale of ore and concentrate with Newmont USA, under which the Company shall process 1,000,000 tons of ore on a best efforts basis by December 31, 2008. We expect this will be renewed given the Company's excess processing capacity, and the large stockpiles of ore at Newmont; and

(2) In order to hedge the production of gold from purchased ore, the Company has entered into forward gold sales contracts to deliver 36,000 ounces of gold at an average price of $675 per ounce.

Capital Structure: The Company presently has 175 million shares issued and outstanding, and 210 million on a fully diluted basis.

Options and Warrants: The Company has the following warrants and options outstanding:

1. Warrants

Number	Exercise Price	Expiry Date	Comment	Potential Equity
1,000,000	*$1.60*	*16-Jan-09*	*Out-of-the-money*	*$1,600,000*
2,851,200	$5.50	12-Apr-10	Out-of-the-money	$15,681,600
21,175,932	$3.00	20-Jun-12	Out-of-the-money	$63,527,796
25,027,132				$80,809,396

2. Options

Number	Exercise Price	Expiry Date	Comment	Potential Equity
145,000	$3.85	July 27, 2008	Out-of-the-money	*$558,250*
90,500	$5.70	July 5, 2009	Out-of-the-money	*$515,850*
300,000	$2.10	September 14, 2009	Out-of-the-money	*$630,000*
96,500	$5.70	October 25, 2009	Out-of-the-money	*$550,050*
880,000	$0.60	April 13, 2010	In-the-money	*$528,000*
50,000	$2.25	May 3, 2010	Out-of-the-money	*$112,500*
1,092,000	$0.60	October 1, 2010	In-the-money	*$655,200*
370,000	$0.82	January 25, 2011	In-the-money	*$303,400*
75,000	$1.06	March 28, 2011	In-the-money	*$79,500*
75,000	$2.25	December 12, 2011	Out-of-the-money	*$168,750*
1,275,000	$2.77	January 5, 2012	Out-of-the-money	*$3,531,750*
55,000	$1.61	April 3, 2012	Out-of-the-money	*$88,550*
450,000	$1.74	June 25, 2012	Out-of-the-money	*$783,000*
450,000	$1.58	July 5, 2012	Out-of-the-money	*$711,000*
3,410,000	$1.74	August 10, 2012	Out-of-the-money	*$5,933,400*
40,000	$1.70	November 13, 2012	Out-of-the-money	*$68,000*
8,854,000				$15,217,200

Financial Statements: Set out on the following page are the Company's financial statements in an abridged format:

Table 2. Selected Financial Statements

(US$ thousands)	9 Months ended Sept 30: 2006	9 Months ended Sept 30: 2007	Year Ended Dec 31: 2005	2006	2007E	2008E
Statement of Income/(Loss):						
Gold Sales	-	26,236	-	-	55,000	96,000
Cost of Gold Sales	-	(19,683)	-	-	(40,000)	(60,000)
Gross Margin	-	6,553	-	-	15,000	36,000
Depreciation & Depletion	(14)	(3,979)	(12)	(19)	(8,000)	(16,000)
Accretion	(108)	(449)	(152)	(164)	(900)	(1,600)
Income (loss) From Mine Operations	(122)	2,125	(164)	(183)	6,100	18,400
General & Administrative Expense	(788)	(2,366)	(847)	(1,392)	(3,200)	(4,500)
Stock-based Compensation	(130)	(5,518)	(737)	(315)	(6,000)	(7,000)
Exploration	-	(536)	-	-	(700)	(1,000)
Gain (loss) on Mineral Properties	-	-	142	-	-	-
Other Income/(Expenses:fees)	255	1,992	161	427	3,000	2,000
Income Taxes Recovery/(Expense)	-	-	-	114	-	-
Net Income/(Loss)	(785)	(4,303)	(1,445)	(1,349)	(800)	7,900
Total Shares Outstanding (basic)	57,472	170,108	46,643	58,950	175,108	176,108
Weighted Average Shares O/S	51,526	103,435	40,992	52,797	117,029	175,608
Earnings (Loss) Per Share	($0.02)	($0.04)	($0.04)	($0.03)	($0.01)	$0.04
Statement of Cash Flow:						
Net Income (Loss)	(785)	(4,303)	(1,445)	(1,349)	(800)	7,900
All Non-Cash Items	281	9,325	759	384	14,900	24,600
Cash Flow	(504)	5,022	(686)	(965)	14,100	32,500
Capital Expenditures (Properties)	(4,862)	(17,553)	(4,528)	(7,854)	(18,000)	(20,000)
Capital Expenditures (Other Assets)	(170)	5,530	(8,108)	(2,222)	3,000	(6,000)
Free Cash Flow	(5,536)	(7,001)	(13,322)	(11,041)	(900)	6,500
Working Capital Changes	(1,025)	(14,815)	(110)	171	(13,407)	(600)
Equity Financing (net)	11,665	74,434	13,421	15,883	84,434	1,600
Debt Financing	0	(8,201)	(24)	0	0	0
Change in Cash	5,104	44,417	(35)	5,013	70,127	7,500
Cash, Beginning of the Period	41	4,342	83	48	5,061	75,188
Cash, End of the Period	5,145	48,759	48	5,061	75,188	82,688

	As at Sept 30: 2007	As at Dec 31: 2005	2006	2007E	2008E
Balance Sheet:					
Cash and equivalents	48,759	48	5,061	75,188	82,688
Marketable securities	36	5,305	1,196	40	40
Other Current Assets	41,549	543	700	18,000	15,000
Restricted Funds	30,840	2,802	9,133	31,000	31,000
Mineral Properties	146,067	13,064	21,100	164,067	184,067
Other Assets	1,028	0	0	1,000	1,000
Total Assets	268,279	21,762	37,190	289,295	313,795
Current Liabilities	30,943	467	798	40,000	50,000
Future Income Tax	5,656	1,992	4,346	6,000	6,000
Other Long Term Liabilities	27,585	2,053	2,217	30,000	35,000
Shareholders' Equity	204,095	17,250	29,828	213,295	222,795
Total Liabilities & Equity	268,279	21,762	37,189	289,295	313,795
Book Value (S.E.) Per Share	$1.20	$0.37	$0.51	$1.22	$1.27

Source: Company and eResearch

COMMENT: *Yukon-Nevada has recently become a gold producer and now reports revenue and records net income. With cash flow coming in, we expect the Company will ramp up its exploration activities in the coming months. Acquisitions could be either direct properties, or actual mining companies, like its purchase of Queenstake. With our estimate of capex for 2008 of $20 million, the Company will still need to raise new equity. Book value jumps to about $1.22 in 2007 and to $1.27 in 2008.*

VALUATION

Junior mining companies create value through their management's skill and competence in evaluating, acquiring, exploring, developing and operating their properties. In addition to an assessment of these activities and management itself, *e*Research is valuing Yukon-Nevada using a Discounted Cash Flow analysis. Our financial model is based on management's current scheduled production dates and forecasted production rates, which are likely to change.

Our assumptions, analysis, and conclusions are set out below. A sample DCF valuation is presented in Appendix 3, page 22.

1. Assumptions

The following assumptions were used in our calculations:

- Gold prices per ounce: $700, $800 and $900, and increasing at 2% per annum.

- Estimated mine life:
    - Jerritt Canyon - 20 years
      Ketza River – 8 years
    - Starvation Canyon – 10 years;

- Average annual gold production:
    - Jerritt Canyon: 120,000 ounces per year, increasing to 240,000 ounces by 2012
    - Ketza River: 50,000 ounces in 2010, 100,000 thereafter
    - Starvation Canyon: 25,000 in 2010, 50,000 thereafter;

- Assumes no production hedges in place (only purchased ore is hedged);

- Average operating cost of US$450 per ounce. Thereafter rising at 4% per annum;

- Average fixed cost of capital: US$50 per ounce, and held constant;

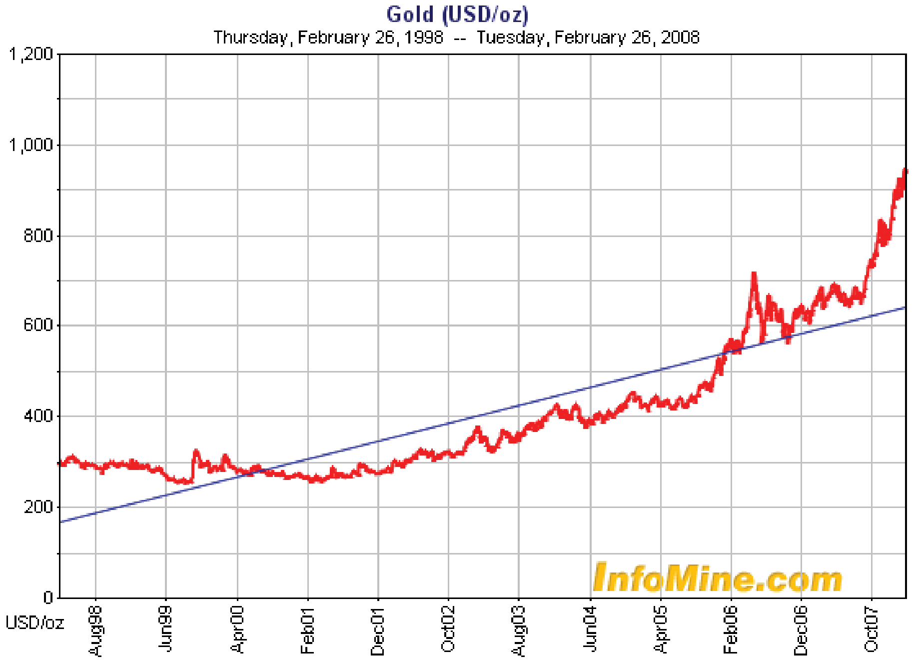
- Discount rates of 25%, 20%, 15% and 10%; and

- Number of shares outstanding at forecast period: 176 million.

2. Analysis

*e*Research believes that there is an upward bias for the price of gold over the next year, with $1,000 likely achievable in that timeframe. If there is further weakening of the U.S. dollar, increased political strife in the world and/or increased demand from Asia, then we would expect the price could push meaningfully higher. On the contrary, if the U.S. economy experiences a brief downturn but then starts to recover, and the U.S. dollar strengthens, we could expect pressure on the price of gold.

The following graph shows the trend in the ten-year gold price.



However, in a conservative manner, *e*Research has used several scenarios with gold in a price range of US$700 to US$900 per ounce over the 12-month forecast period. This compares with the current price of about US$958 per ounce (as at February 27, 2008).

Using the mid-point gold price of US$800, and the discount rate of 15%, we derive a Net Asset Value for Yukon-Nevada shares of C$2.68. We add to this the forecasted cash value per share to arrive at a Net Asset Value of C$3.32 per share. This compares with the current price on the TSX of $1.52. At present the Canadian dollar is close to par with the U.S. dollar, so currency differences are ignored.

3. DCF Summary

Outlined below is a summary of the various scenario outcomes of the discounted cash flow analysis. See Appendix 3 for the full numerical details of one of the scenarios.

Yukon-Nevada NPV Per Share @			
Various Gold Prices Per Ounce	$900	$800	$700
20% Discount Rate	$2.86	$2.04	$1.23
15% Discount Rate	$3.77	$2.68	$1.58
10% Discount Rate	$5.22	$3.66	$2.11

NPV of Future Cash Flow	**$2.68**
Add: Cash Per Share*	$0.64
Less: Debt Per Share *	$0.00
Net Asset Value	**$3.32**

* Based on forecasted debt and cash levels 12 months forward.
Assumes C$1=US$1

4. Conclusions

- Our analysis is based on a discounted cash flow model (applying the assumptions outlined above), discussions with management, a review of the underlying geology, exploration results to date, and prospects for the future.

- Given the early-stage of exploration at the Chinese joint venture, Yukon-Shaanxi Gold Company Inc., we have not allocated any value to Yukon-Nevada's 50% interest, but would expect to do so going forward.

5. Target Prices

- Giving consideration to the foregoing, *e*Research has chosen a 12-month Target Price of $3.30.

- In addition, we have established a 3-year Target Price of $5.90, based on the discounted cash flow data shown below. We have selected an average gold price of US$900 three years hence.

Yukon-Nevada NPV Per Share 3 Years Forward			
	$900	$800	$700
7.5% Discount Rate	$5.90	$4.07	$2.24

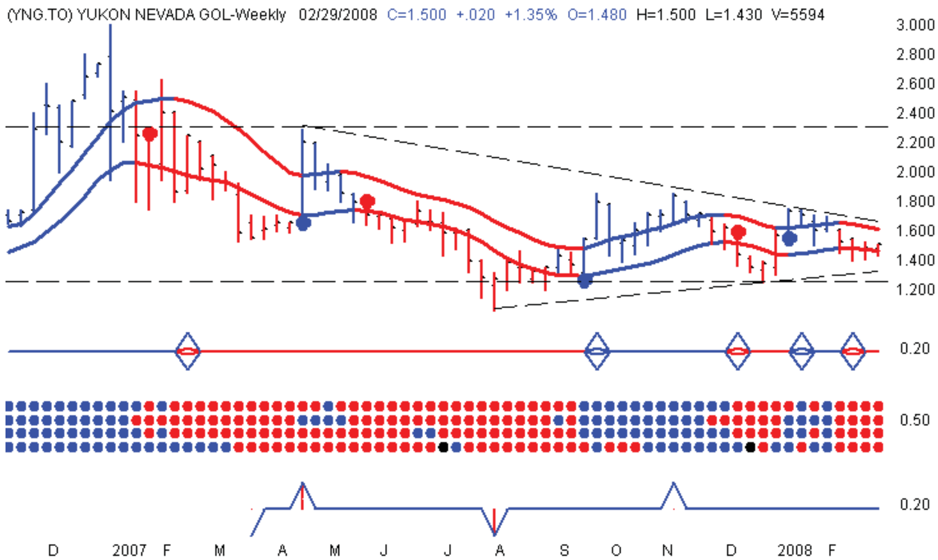
- Our conclusions are summarized in the following table:

	One-Year	**Three-Year**
Average Gold Price	$800.00	$900.00
Discount Rate	15.0%	7.5%
Target Price	$3.30	$5.90

TECHNICAL OPINION

By Stephen Whiteside - Publisher - TheUpTrend.com

Yukon-Nevada Gold Corp. is on Breakout Watch.



Over the past six months, the stock market has been extremely volatile, while Yukon-Nevada has traded sideways in a range where both short-term traders and long-term investors could find value. The stock has been making higher lows, and lower highs, as volatility decreases.

This is bullish, and a new up-move could start with a weekly close above the declining down-trend line, which is currently @ $1.66 and falling. The target would then become the April 2007 highs of $2.29.

If the stock did move down from here, then it is expected that the December 2007 lows to hold @ $1.25.

RISK FACTORS

- **Commodity Price Risk:** Volatility of the price of the underlying commodities will impact the value of assets in the ground being pursued by the Company.
- **Capital Raising:** Significant ongoing capital will be required to: (a) conduct exploration; (b) maintain its ownership interest in the mineral claims; (c) develop the properties; (d) establish mining operations; and (e) operate its mine(s).
- **Stock Price Volatility:** The stock price will be heavily influenced by the results of exploration at its own properties, and possibly by those of neighboring explorers.
- **Future Production:** If additional mineral resources are developed, there is no guarantee that production will be profitable.
- **Regulatory Risk:** Government regulations could change, particularly environmental requirements.
- **Competition:** The resource industry is highly competitive, and the Company competes with many companies with greater financial resources, management resources, and technical facilities than itself.
- **Uninsurable Risks:** The Company may become subject to liability for accidents, pollution and other hazards, against which it cannot insure, or it may choose not to insure due to high insurance premiums.

COMMENT: *These risks are common to most junior mining companies, but to varying degrees.*

APPENDIX 1: MANAGEMENT AND DIRECTORS

The members of the Board of Directors possess a diversified background in mining exploration and operations, as well as broad business experience.

A. Management

E. Lynn Patterson
Director and Chairman
Mr. E. Lynn Patterson joined the Board of YGC Resources (predecessor to Yukon-Nevada) on April 17, 2005, and was elected Chair of the Board of Directors the same day. Mr. Patterson is the retired President & COO of B. C. Tel & B. C. Telecom (now Telus). He has extensive experience in corporate governance and the start-up of new business ventures and large capital-intensive programs. He was past chairman of Telecom Leasing Canada Ltd., Canadian Telephone & Supplies Inc., B. C. Cellular (now Telus Mobility), Viscount Industries, CANAC/Microtel (a joint venture between CN Rail and Micotel to replace the DEW Line with the EARLY NORTH WARNING system for NORAD), Stentor Inc. (a consortium of the major telephone companies of Canada), and recently retired after nine years, from the Board of NAV CANADA where he was a founding Director and Chair of the Corporate Governance Committee in the $1.5 billion privatization of Canada's air traffic control system.

Graham C. Dickson, B.Sc. A.R.C.S.,
Director, President and CEO
Graham Dickson has been working in the mining industry in North America for the last 23 years. He has acted as general manager of a turnkey construction company for gold-milling facilities in remote locations, including the Snip Mill for Cominco Ltd., Golden Patricia Mill for Bond Gold, and Seabee Mill for Claude Resources. Before joining YGC Resources, Mr. Dickson served in various capacities with BYG Natural Resources Ltd., which had an operating gold mine in Yukon Territory. Recently, as General Manager of the General Contractor, Mr. Dickson completed the surface facilities for Bema Gold's Julietta mine in far-east Russia, ahead of schedule and under budget.

Dorian L. (Dusty) Nicol, B.Sc. Geo, M.Sc. Geo, CPG
Director, Executive Vice-President, Exploration
Dusty Nicol has over 30 years' experience in mineral exploration. He has designed, implemented and managed exploration programs for a variety of commodities (principally gold) in diverse geologic environments throughout the world. When Queenstake acquired the Jerritt Canyon District, Mr. Nicol's extensive geological experience was a major factor in the acquisition, which was based on his assessment of the untested exploration potential of the property. He has held a number of geological positions with both major and junior mining and exploration companies, including senior positions with Exxon Minerals and Renisson Gold Fields in Papua New Guinea. He led Canyon Resources' programs in Latin America and Castle Exploration's programs in Central America and Africa. Among other achievements, his initiative led to the recognition of the Santa Rosa and Cana deposits in Panama. He is a member of the Society of Mining Engineers and a fellow of the Society of Economic Geologists.

David Drips, B.Sc. Mining Engineering,
Vice-President, Mining
David Drips brings to Yukon-Nevada over 32 years' experience in building and operating gold and silver mines, both underground and open pit, throughout the Americas and overseas. Most recently, Mr. Drips was Vice President, Mexico Operations for Endeavour Silver. He has previously held several senior management positions in mining, including with Pan American Silver Corp., Scorpio

Mining, American Mine Services, Bema Gold Corp. Hecla Mining Co., and Intermountain Mine Services and Mineral Resources Engineering, where he was founder and president.

Graham H. Scott, B.Sc, M.S., LL.B.
Corporate Secretary
Graham Scott combines 25 years as a resource and corporate finance lawyer with eight years of practical experience as an exploration geologist. He represents many Canadian public companies which are listed on the TSX and TSX Venture Exchanges, in addition to clients in the corporate finance business. Mr. Scott also represents a diverse group of clients in the mining industry, ranging from individual prospectors to multinational mining companies. In this work, Mr. Scott has negotiated and prepared participation and joint venture agreements for properties throughout the world. He has presented papers on securities law and mining law matters and has chaired many legal and industry conferences.

Chris G. Oxner, CA
CFO and Assistant Corporate Secretary
Chris Oxner has 20 years' experience in financial accounting. He worked in public practice with KPMG for six years in Nova Scotia, spending four years in the assurance practice and two years in the management consulting practice. He acted as controller for a privately held corporation in British Columbia for six years prior to joining Yukon-Nevada Gold Corp. in May 2005. Mr. Oxner holds a B. Comm. from Dalhousie University and is a Chartered Accountant.

Sam Ash, B.S., Mining Engineering
Manager of New Operations
Sam Ash has been promoted to a new position where his responsibilities include the development of the Ketza River project and of Starvation Canyon, with the objective of bringing them both into production in a timely manner. Mr. Ash started his career as a supervisor and engineer for Drummond Coal in Alabama. In 2003, Mr. Ash joined the Jerritt Canyon property as a planning engineer. Since then, he has successfully filled numerous positions in the engineering and operations group.

B. Directors

R. J. (Don) MacDonald
Director and Chair Audit Committee
Don MacDonald is Senior VP & CFO of NovaGold Resources Inc. and has over 20 years of experience in the mining industry. He has been directly involved in the operation or development of ten mines in North and South America, has been involved in the completion of over thirty mining financings totalling almost $1 billion, and over $500 million of successful mergers and acquisition transactions. Mr. MacDonald's experience in the mining industry includes Senior VP & CFO of De Beers Canada Mining Inc. (formerly Winspear Diamonds) and Dayton Mining Corporation. Mr. MacDonald holds a Bachelor and Masters degree in engineering from Oxford University and he is a chartered accountant.

Robert E. (Bob) Chafee
Director and Chair Compensation Committee
R. E. (Bob) Chafee has been involved in the mining industry since 1957, originally in Elliot Lake, Manitouwadge and Sudbury as well as in northwestern Quebec, Manitoba, British Columbia and the Yukon. Mr. Chafee is currently Chairman and director of several trucking and contracting companies: Igeacare Systems Inc. - in the health care communications and emergency response

field; Etobicoke Ironworks Inc., - in structural steel and scaffolding design and manufacture; Tonolli Canada - in the secondary lead smelting business. In addition he is a director of Hardrock Mining Inc., Tagish Lake Gold Corp., and Andamios Atlas in Mexico. He was formerly CEO and Chairman of Skyway Canada, Matthews Equipment Ltd. and Antamex International Inc.

Neil J. Steenberg
Director and Chair Corporate Governance Committee
A practising lawyer for more than 30 years, Mr. Steenberg has specialized in corporate finance, securities and mining law advising clients on structuring initial public offerings, private placements and other financings as well as mergers and acquisitions and mineral exploration and development agreements. Mr. Steenberg obatined both his undergraduate degree (B.A. Hons.) in English Literature & History and his law degree (LLB.) at Queen's University in Kingston, Ontario. Mr. Steenberg is Secretary and a director of Conquest Resources Limited, Secretary of Labrador Iron Mines Holdings Limited, and Secretary of Coniagas Resources Limited.

John R. W. Fox, B.Sc., P. Eng.
Director
John Fox has more than 35 years' experience in the design, start-up and operation of mine metallurgical process plants. Mr. Fox has held positions with RTZ, Rustenburg Platinum Mines, Rossing Uranium, and Wright Engineers, as Principal Engineer with both Cominco Engineering Services Ltd. and H.A. Simons Ltd. He has worked on more than 100 mining projects in more than 20 countries including the Ketza River mine in the Yukon, Julietta mine in Russia, Buenaventura's Uchucchachua in Peru, Teck projects in Ontario and Panama and gold plants in China, Africa, Philippines, Indonesia and the Americas. Mr. Fox is President of Laurion Consulting Inc.

Peter Holbek, M.Sc., P.Geo.
Director
Peter Holbek is a geologist with more than 28 years' experience in geology, mineral exploration and mine development. He currently runs a consulting company, Viking GeoScience, which provides exploration and evaluation services for the mining industry in addition to serving as Vice President, Exploration for Copper Mountain Mining Corp. From 2003 to recently, he served as Vice President, Exploration for Western Keltic Mines and Blackstone Ventures Inc. From 1996 to 2002, he was Vice President, Exploration for Atna Resources Ltd., and has held senior exploration positions with Princeton Mining Corp., Homestake Canada, and Esso Minerals Canada Ltd., among others. In addition to extensive exploration experience, Peter has been involved in mine operations, mine development and numerous feasibility and prefeasibility studies. He has directed exploration that led to the discovery of epithermal gold, volcanogenic massive sulphide, and porphyry copper deposits.

Iain Harris
Director
Iain Harris was President and CEO of AirBC Limited from 1983 to 1995. Prior to that he was Vice President, Finance & Administration with the Jim Pattison Group. He is a former Chairman of Terasen Inc. (formerly BC Gas Inc.) and the Canadian Depository for Securities Ltd. He is also a former director of several companies including International Forest Products Ltd., TELUS Corporation, and Nav Canada. Mr. Harris is a past Chairman of Tourism Vancouver, the Vancouver Board of Trade and the Air Transport Association of Canada. He is also a former director of the Vancouver Foundation and the Forest Alliance of B.C. He is a Governor of the Vancouver Board of Trade and the recipient of the Governor General's Commemorative Medal in recognition of community and public service.

Peter Bojtos, P.Eng.
Director

Peter Bojtos has 30 years of international experience in the mining industry from exploration through feasibility study to mine construction, operations and decommissioning. From 1993 to 1995, he was Chairman and Chief Executive Officer of Greenstone Resources, a company that was constructing gold mines in Central America. From 1992 to 1993, he was the President and Chief Executive Officer of Consolidated Nevada Goldfields with operations in the United States. Prior to this, he worked for 12 years in Toronto for Kerr Addison, a Noranda group company. He has also held various positions at mines in western Africa, the United States, and Canada. Since 1995, Mr. Bojtos has been an independent director of several mining and exploration companies. He graduated from the University of Leicester, England (1972).

APPENDIX 2: PROPERTIES

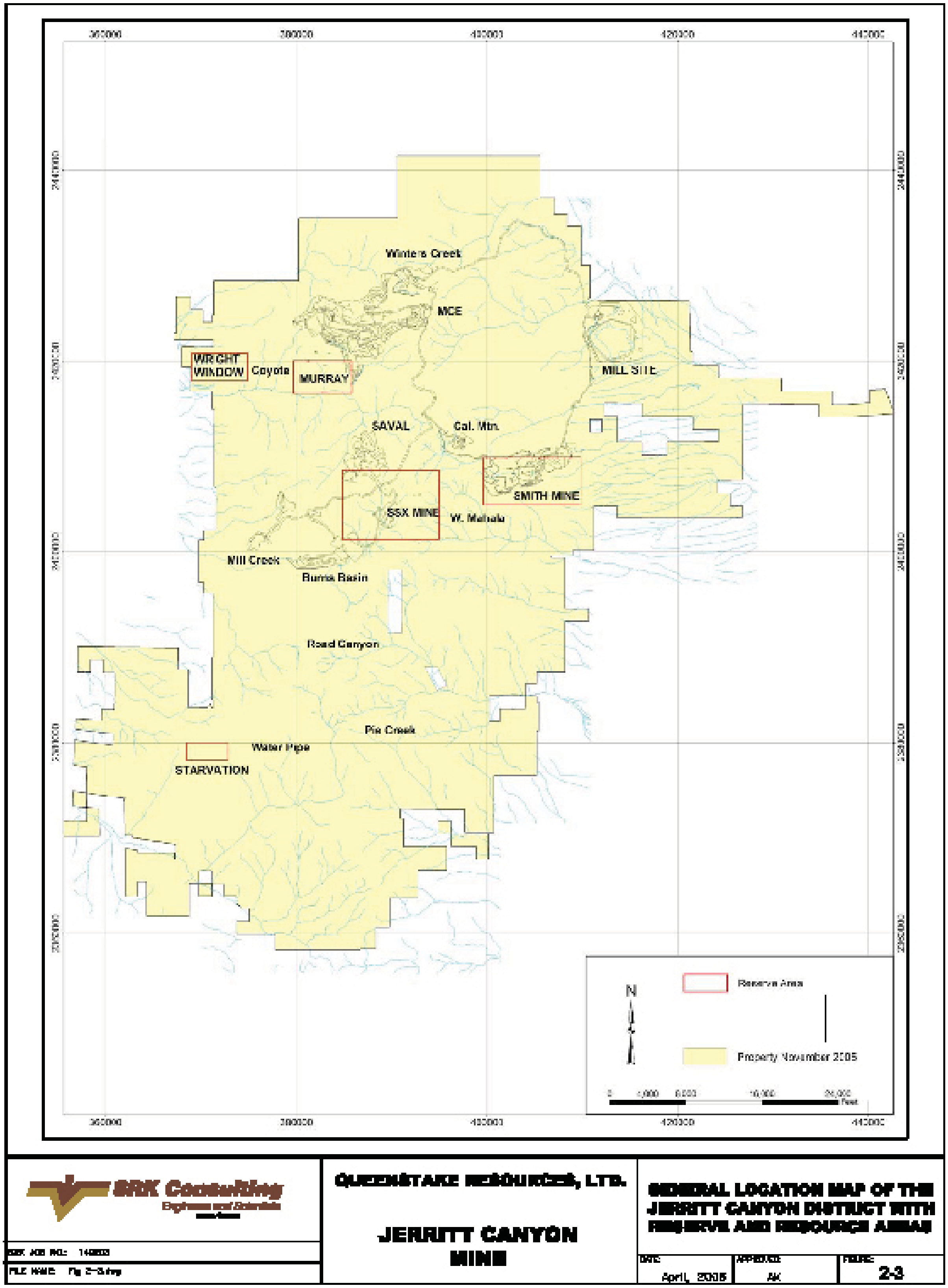
The majority of this discussion is focused on the Jerritt Canyon Mine, acquired in the Queenstake Resources acquisition in June 2007. This small producing gold mine adds valuable cash flow generation for the Company. This information is sourced from the Company and its website.

A. JERRITT CANYON

1. Property Description and Accessibility

The Jerritt Canyon Mine is an operating gold property with three underground mines in production. The mines produce feed for a process plant on site. The project is located in Elko County, Nevada about 50 miles north of Elko, and is accessed by paved state highway and private access road. The property has been wholly-owned by Queenstake since June 30, 2003, when it was purchased from the previous owner, a joint venture between Anglo Gold and Meridian Gold.

Figure 3. Jerritt Canyon Mine



Source: Company

2. History

Gold mineralization was originally discovered at Jerritt Canyon in 1972 by FMC geologists during an antimony exploration program. Mining commenced in 1981 and has continued without interruption since then. Ore was produced from open pits from 1981 through 1999. Underground mining started in 1993 and is the current source of mill feed. The land position covers over 119 square miles. Tens of thousands of holes have been drilled from surface and underground on the property since the 1970s. Resource areas adjacent to the mines show potential for expansion and development to reserve status. In addition to the near-mine resource, several areas on the land package are in the resource category.

3. Geology

The regional geology of the Jerritt Canyon Mine consists of four distinct Paleozoic sedimentary sequences: the western facies, or upper plate of the Roberts Mountains thrust, the eastern facies, or lower plate of the Roberts Mountains thrust, the Schoonover sequence, and the Antler overlap sequence. The rocks are cut by Pennsylvanian basalt dikes, Eocene basalt and quartz monzonite dikes, and Miocene basalt dikes. The structural fabric in the district consists of two dominant fault trends, west-northwest trending and north-northeast-trending.

4. Mineralization

Gold mineralization at Jerritt Canyon is hosted by the Hansen Creek Formation and the base of the Roberts Mountains Formation in the lower plate of the Roberts Mountains thrust. Gold mineralization is structurally controlled by high angle west-northwest and north-northeast trending structures that acted as conduits for mineralizing fluids. Much of the more continuous gold mineralization occurs within the favorable stratigraphic intervals at the intersection of the two sets of high angle structures. The deposits are Carlin-type, sediment-hosted gold mineralization within carbonaceous sediments. The gold occurs as very fine-grained micron-sized particles in carbonates and fine-grained, calcareous, clastic sedimentary rocks.

5. Production History

The Jerritt Canyon Mine started up in 1981 as an open-pit mine, and production from open pits continued through 1999. The first underground mine was started in 1993 and the operation currently consists of production from two underground mines (Smith, and the SSX complex). The MCE mine was shut down in 2004, the new Steer mine portal, now a part of the SSX complex, was collared in 2004, and the Murray mine was shut down in 2006.

The mines are mechanized operations using backfill both for ground control and for increasing ore recovery. The less refractory ores produced early in the production history were processed through a “wet” mill, which operated until 1997. As the ores became more carbonaceous and refractory, and higher grade with the introduction of underground ore, a dry mill with an ore roasting circuit was added in 1989, and is currently in operation.

Jerritt Canyon has produced over seven million ounces of gold from its open pits and underground mines throughout its history. Annual production has averaged between 170,000 ounces and 350,000 ounces of gold, at cash costs ranging from $240 to $554 per ounce. Queenstake reports the 2006 mill production from Jerritt Canyon at 169,851 ounces of gold produced from 973,593 tons of ore processed, with a cash cost of $554 per ounce.

6. Resource Estimation

Mineral resources at Jerritt Canyon are contained within about twenty areas in the district. Resource estimates are based on extensive drilling data, using geology constrained kriging, inverse distance, and polygonal methods. Block modeling techniques are supported by relatively small block sizes. In 2005, production models were developed with smaller block sizes and these models were incorporated into the resource models. The resource models show good reconciliation with mine and mill production.

Measured and Indicated resources, including reserves, as of December 31, 2006 total 8,203,200 tons at 0.232 ounces per ton ("opt") gold, containing 1,907,200 ounces of gold. There is an additional Inferred resource of 2,414,800 tons at 0.226 opt gold, containing 545,200 ounces of gold. See the resource and reserve tables below. The open-pit resources were estimated at $550 per ounce gold; the cutoff grades for underground resources are 0.150 opt gold for mature mine areas and 0.125 opt gold for undeveloped resources.

Table 3. Jerritt Canyon Resources, Including Reserves – Dec 31, 2006

	Measured			Indicated			Measured + Indicated			Inferred		
Deposit/Area	ktons	opt	Cont'd koz	ktons	opt	Cont'd koz	ktons	opt	Cont'd koz	ktons	opt	Cont'd koz
MURRAY	155.8	0.310	48.3	26.6	0.269	7.1	182.4	0.304	55.4	90.4	0.228	20.6
MURRAY ZONE 9	0.0	-	0.0	210.9	0.277	58.5	210.9	0.277	58.5	61.6	0.209	12.9
SSX	1,735.2	0.259	448.6	597.3	0.286	170.7	2,332.5	0.266	619.3	929.7	0.230	213.4
SMITH	601.2	0.311	186.8	463.1	0.264	122.3	1,064.4	0.290	309.1	541.6	0.231	125.3
SMITH EAST	0.0	-	0.0	997.7	0.281	280.5	997.7	0.281	280.5	120.4	0.264	31.7
SAVAL	12.3	0.227	2.8	357.0	0.255	91.1	369.3	0.254	93.9	191.2	0.238	45.5
STARVATION	0.0	-	0.0	636.6	0.290	184.3	636.5	0.290	184.3	51.2	0.278	14.2
WRIGHT WINDOW	0.0	-	0.0	97.8	0.156	15.2	97.8	0.156	15.2	19.0	0.229	4.3
Subtotal	**2,504.6**	**0.274**	**686.4**	**3,386.9**	**0.275**	**929.8**	**5.891.5**	**0.274**	**1,616.2**	**2,005.2**	**0.233**	**468.0**
Stockpiles	69.3	0.198	13.7	1,158.0	0.059	68.2	1,227.3	0..067	81.9	0.0	-	0.0
Pit Resources	0.0	-	0.0	454.9	0.144	65.7	454.9	0.144	65.7	122.7	0.129	15.8
U/G Resources	0.0	-	0.0	629.5	0.228	143.5	629.5	0.228	143.5	286.9	0.214	61.4
Total	**2,573.9**	**0.272**	**700.1**	**5,629.3**	**0.214**	**1,207.1**	**8,203.2**	**0.232**	**1,907.2**	**2,414.8**	**0.226**	**545.2**

Source: Company

Table 4. Jerritt Canyon Reserves – Dec 31, 2006

	Proven			Probable			Total		
Mine	ktons	oz/st	Cont'd koz	ktons	oz/st	Cont'd koz	ktons	oz/st	Cont'd koz
Murray	17.3	0.275	4.8	1.1	0.120	.1	18.4	0.266	4.9
Smith	97.8	0.385	37.6	171.2	0.302	51.8	269.0	0.332	89.4
SSX	440.3	0.262	115.4	299.1	0.272	81.4	739.4	0.266	196.8
Saval	11.4	0.200	2.3	108.8	0.250	27.2	120.2	0.246	29.5
Starvation	0.0	-	0.0	369.6	0.305	112.9	369.6	0.305	112.9
Wright Window	0.0	-	0.0	32.6	0.226	7.4	32.6	0.226	7.4
Sub Total	**566.8**	**0.282**	**160.1**	**982.5**	**0.286**	**280.8**	**1,549.3**	**0.285**	**440.9**
Stockpiles	**69.3**	**0.198**	**13.7**	**366.3**	**0.085**	**31.1**	**435.7**	**0.103**	**44.8**
Total	**636.1**	**0.273**	**173.8**	**1,348.8**	**0.231**	**312.0**	**1,984.9**	**0.245**	**485.7**

Source: Company

B. KETZA RIVER MINE

(Includes Manto Zone, Shamrock Zone and Silver Valley)

1. Location

The Ketza River Mine is located in the Pelly Mountains close to the headwaters of Cache Creek, a major tributary of the Ketza River. The mine site is approximately 90 km south of Ross River.

2. History

Canamax Resources Ltd. operated the mine from 1988 to 1990 using both open-pit and underground mining methods. Approximately 342,395 tonnes of ore were mined, producing approximately 3.1 million grams of gold. The mine has not operated since 1990, and was purchased by Ketza River Holdings Ltd.

3. Mining Process

Most of the facilities used by Canamax are still on the site and may be used again by the Company, such as the access roads, camp facilities, tailings pond, mill and other buildings.

The gold and silver ore will be mined by open-pit and underground mining involving oxide and sulphide ore types. It is anticipated that approximately 2,000 tonnes of ore will be mined per day. The current estimated life span of the mine is 10 years. The mine life may be longer if additional mineral resources are found.

Gold and silver will be extracted from the ore using the Carbon-in-Leach (C-I-L) process, which makes use of sodium cyanide solution and activated carbon. The smelting process will produce a high-concentrate gold-silver “doré” that can be shipped to southern markets.

4. Development Timeline

Permitting continues at Ketza River. During Q3/07, Ketza River received a Class A water license for the continued operation of the Ketza River mine site and tailings facility. The Class A water license for the renewal of mining and milling activities at the site is still being pursued. It is hoped that this license will be received in 2009, allowing for production of gold at the site to restart in that year.

Drilling continued aggressively through Q4/07, and the Company expects to have a revised NI 43-101 mineral resource estimate available in the near future.

APPENDIX 3: DISCOUNTED CASH FLOW ANALYSIS

Yukon-Nevada Gold Corp. Revenue Forecast, Gold at US$800; as at December 31:	1 2008	2 2009	3 2010	4 2011	5 2012	6 2013	7 2014	8 2015	9 2016	10 2017	11 2018	12 2019	13 2020	14 2021	15 2022	16 2023	17 2024	18 2025	19 2026	20 2027
Production (1)																				
Jerritt Canyon	120,000	120,000	150,000	210,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Ketza River	-	-	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	-	-	-	-	-	-	-	-	-	-
Starvation Canyon	-	-	25,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	-	-	-	-	-	-	-	-
Total Ounces Produced	120,000	120,000	225,000	360,000	390,000	390,000	390,000	390,000	390,000	390,000	290,000	290,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Gold Price per Ounce	$800	$816	$832	$849	$866	$883	$901	$919	$937	$956	$975	$995	$1,015	$1,035	$1,056	$1,077	$1,098	$1,120	$1,143	$1,165
Less: Cost of Good Sold/Operating	($450)	($468)	($487)	($506)	($526)	($547)	($569)	($592)	($616)	($640)	($666)	($693)	($720)	($749)	($779)	($810)	($843)	($877)	($912)	($948)
Less: Life of Mine Capital Costs	($50)	($50)	($50)	($50)	($50)	($50)	($50)	($50)	($50)	($50)	($50)	($50)	($49)	($48)	($47)	($46)	($45)	($44)	($43)	($42)
Net Revenue per Ounce	$300	$298	$296	$293	$290	$286	$282	$277	$271	$266	$259	$252	$245	$238	$229	$220	$210	$200	$188	$175
Gross Revenue	$96,000,000																			
Annual Mined Ounces of Gold	120,000	120,000	225,000	360,000	390,000	390,000	390,000	390,000	390,000	390,000	290,000	290,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Total Net Revenue (000s)	$36,000	$35,760	$66,510	$105,400	$112,909	$111,451	$109,799	$107,944	$105,874	$103,578	$75,135	$73,064	$58,831	$57,025	$55,039	$52,865	$50,493	$47,913	$45,115	$42,088

Discount Rate	25%
Discount Rate	20%
Discount Rate	15%
Discount Rate	10%
NPV @ 25%	$285,371
NPV @ 20%	$361,111
NPV @ 15%	$473,066
NPV @ 10%	$647,388
Share price using 25% discount rate	$1.61
Share price using 20% discount rate	$2.04
Share price using 15% discount rate	$2.68
Share price using 10% discount rate	$3.66

(1) Purchased ore is excluded given its minimal profitability

ANALYST CERTIFICATION

Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that: (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, are not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

***e*Research analysts on this report: Bob Weir, B.Sc., B. Comm, CFA.** Bob Weir has 42 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for conducting the day-to-day management affairs of the company. He joined *e*Research in 2004.

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Hold: Expected total return within the next 12 months is between 0% and 10%.

Sell: Expected total return within the next 12 months is negative.

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High Risk: *Financial* - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends.

Operational - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.

Medium Risk: *Financial* - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend.

Operational - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry

Low Risk: *Financial* - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock.

Operational - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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