

June 11, 2007

Queenstake Resources USA, Inc.  
Jerritt Canyon Mine  
HC 31, Box 78  
Elko, NV 89801

Queenstake Resources USA, Inc.  
c/o The Corporation Trust Company of Nevada  
6100 Neil Road, Suite 500  
Reno, NV 89511

**Re: Mercury Emission Reporting Violations**

Dear Queenstake Resources USA:

I write on behalf of Idaho Conservation League, Earthworks, and Great Basin Mine Watch to advise you of our concern over compliance with certain federal toxic chemical reporting requirements at Queenstake Resources USA's Jerritt Canyon Mine ("Jerritt Canyon").

Under Section 313 of the Emergency Planning and Community Right to Know Act ("EPCRA"), Jerritt Canyon is required to annually file reports to the U.S. Environmental Protection Agency (standard Form R) stating your releases of mercury and other toxic chemicals to the environment. 42 U.S.C. § 11023. Mercury is a potent neurotoxin, causing significant neurological and developmental problems such as attention and language deficits, impaired memory and impaired vision and motor function.

The following table summarizes Jerritt Canyon's reported releases of mercury to the air (in pounds) on its Form R for each year:

<u>Year</u>	<u>Fugitive Emissions</u>	<u>Stack Emissions</u>
2005	0	381
2004	1	461
2003	0	790
2002	1	4740
2001	1	7990
2000	1	6700
1999	0	9400
1998	0	9400

Jerritt Canyon's Form R submissions for each of these reporting years under-report the actual levels of mercury air emissions generated at its facility. In October 2006, Jerritt Canyon performed stack testing in order to speciate mercury emissions and quantify total mercury emissions. That effort resulted in an estimated total of 1.218 pounds of mercury

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emissions per hour of roaster and carbon kiln/refinery operation. We are aware that in 2004 Jerritt Canyon processed approximately 1.3 million tons of ore over 7,678 hours of east roaster operation and 7,650 of west roaster operation. In 2006, Jerritt Canyon processed approximately 974,000 tons of ore, reflecting reduced hours of operation. We therefore estimate that Jerritt Canyon's mercury emissions in 2006 totaled about 7000 pounds, and fully expect Jerritt Canyon will comply with EPCRA in preparing its mercury Form R report from the 2006 reporting year. In addition, of great concern to my clients is high level of oxidized mercury emitted from Jerritt Canyon, because oxidized mercury readily deposits to nearby lands and waters.

The 2006 stack test data further demonstrates that Jerritt Canyon's Form R reports for the 2002 through 2005 reporting years violated EPCRA. In light of Jerritt Canyon's obvious knowledge of the scope of its mercury emissions from 1998 through 2001 as reflected in its Form R reports for those years, Jerritt Canyon's under-reporting of emissions in 2002 through 2005 appears to amount to a deliberate effort to deceive regulators and the public of the true amount of mercury emissions from the facility. Indeed, we are also aware that Jerritt Canyon is subject to a pending enforcement action by the Nevada Division of Environmental Protection concerning, in part, Jerritt Canyon's bypassing of its air pollution control devices.

In sum, Jerritt Canyon has violated Section 313 of EPCRA and federal regulations promulgated thereunder by failing to submit complete Form R's in each reporting year from 2002 through 2005, specifying the total amount of mercury air emissions at the Jerritt Canyon facility.

EPCRA authorizes citizen suits against any person for failure to "complete and submit" Form R reports as required by Section 313 of EPCRA. 42 U.S.C. § 11046(a)(1)(A)(iv). In addition to injunctive and other relief such as an award of attorney fees and costs, penalties of up to \$27,500 per day per violation (for violations before March 15, 2004) and \$32,500 per day per violation (for more recent violations) may be imposed against Jerritt Canyon for violating EPCRA. 69 Fed.Reg. 7121 (Feb.13, 2004). This letter constitutes the required 60-day notice of our intent to file suit.

During the sixty (60) day notice period, we will be available to discuss effective remedies and actions which will assure Jerritt Canyon's future compliance with the EPCRA issues raised in this notice letter, as well as potential settlement of the issues raised herein. In addition, we welcome discussion about whatever facts you believe relevant which are not itemized in this notice letter. If you wish to avail yourself of this opportunity, or if you have any question regarding this letter, please do not hesitate to contact me at the address listed on our letterhead. I can also be reached at my Oregon number, which is (503) 542-5245. Alternatively, you may contact my clients at the following addresses:

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Justin Hayes  
Idaho Conservation League  
P.O. Box 844  
Boise, ID 83701  
(208) 345-6933

Bonnie Gestring  
Earthworks  
P.O. Box 8383  
Missoula, MT 59807  
ph: 406-549-7361

Dan Randolph  
Great Basin Mine Watch  
505 S. Arlington, #110,  
Reno, NV 89509  
ph: 775-348-1986

Sincerely,

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William M. Eddie  
Of counsel, Advocates for the West

cc:

Administrator Stephen Johnson  
Environmental Protection Agency  
Ariel Rios Building  
1200 Pennsylvania Avenue, N.W.  
Washington, DC 20460

Wayne Nastri  
Region 9 Administrator  
Environmental Protection Agency  
75 Hawthorne Street  
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Governor Jim Gibbons  
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