

BRIAN SANDOVAL
Governor



STATE OF NEVADA
STATE ENVIRONMENTAL COMMISSION

901 South Stewart Street, Suite 4001
Carson City, Nevada 89701-5249
Telephone (775) 687-9308
Fax (775) 687-5856
www.sec.nv.gov

Leo Drozdoff, P.E.
Director



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COUNSEL
Rose Marie Reynolds

STAFF
Valerie King
Executive Secretary

September 06, 2013

Stephen Ball
General Manager
Queenstake Resources USA, Inc.
HC3I Box 78
Elko, NV 89801

RE: Notice of Alleged Air Quality Violation No. 2431
Class I Air Quality Operating Permit AP 1041-0778 (FIN A0004)

Dear Mr. Stephen Ball:

On February 11, 2013 a representatives from the Nevada Division of Environmental Protection (NDEP) met with officials from your company in an enforcement conference concerning Queenstake Resources USA, Inc. alleged failure to comply with certain requirements set for in the above referenced Air Quality Operating Permit. As an outcome of that meeting NDEP issued the above referenced NOAV; see attached.

When NDEP sent the NOAV by certified mail on March 14, 2013, it Notified Queenstake Resources USA, Inc. of its appeal rights pursuant to NRS 445B.340 and NRS 445B.360. Since your company did not appeal the NOAV, the State Environmental Commission (SEC) will determine the appropriate penalty for the violation contained in the above referenced NOAV at its meeting on October 09, 2013. This meeting will be held on Wednesday, October 09, 2013 at 10:00 a.m. in the Bryan Building in Carson City, Nevada (901 S. Stewart Street, 2nd Floor Tahoe Room).

Pursuant to NRS 445B.640(1), the SEC may levy an administrative fine of not more than \$10,000 per day per violation. At the meeting staff from NDEP will provide the SEC with a brief overview of the NOAV and its recommendation for an administrative fine of \$67,500.00 which has been calculated from a penalty matrix previously approved by the Commission.

The Commission will formally levy a fine by accepting NDEP's recommendation or increasing or decreasing the fine amount based on the information presented at the meeting.

Your presence is not required at the October 09, 2013 meeting, although you or a company representative may wish to attend and speak on behalf of Queenstake Resources USA, Inc.

The SEC may, without further notice, take administrative action against Queenstake Resources USA, Inc., if the SEC determines that such administrative action is warranted after it considers NOAV 2431.

If you have any questions regarding this notice, please contact me at (775) 687-9374.

Sincerely,

Valerie King
Executive Secretary

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Certified Mail # 9171 9690 0935 0012 2751 72

ec: Colleen Cripps, Ph.D., Administrator
Michael Elges, Deputy Administrator
Francisco Vega, NDEP/BAPC
Rose Marie Reynolds, SEC/DAG