



Energy, Mines and Resources
Box 2703, Whitehorse, Yukon Y1A 2C6

October 15th, 2010

Robert McIntyre
VP, Corporate Affairs & Communication
Alexco Keno Hill Mining Corp.
Suite 1150 – 200 Granville Street
Vancouver, BC
V6C 1S4

Dear Rob:

Re: Approval of Addendums to Dry Stack Tailings Facility Construction and Operation Plan

Pursuant to Section 5.1 of Quartz Mining License QML-0009 (the "License") for the Bellekeno Mine Project, a *"Dry Stack Tailings Facility Development and Operations Plan"* was submitted and subsequently approved on September 16th, 2010. Reiterating the requirements e, f, & g of the November 18th, 2009 letter to Mr. Clynt Nauman from the Chief, the September 16th approval stipulated conditions that the operations, maintenance and surveillance manual and the dust modeling for the dry stack tailings facility (the "DSTF") receive approval prior to the deposit of any tailings onto the DSTF area. Pursuant to these conditions, the following documents (the "Documents") have been submitted for review and approval:

1. *"Revision 2010-1 Operation, Maintenance and Surveillance Manual, Dry Stack Tailings Facility, Keno Hill District Mill, YT"* dated September, 2010 and prepared by EBA Engineering Consultants Ltd.
2. *"Dry Stack Tailings Facility Construction and Operation Plan, Part III DSTF Dust Modeling, QML-0009, September, 2010, Bellekeno Project"* and prepared by Access Consulting Group.

After review and consideration I, in my capacity of Chief, have determined that both of the above Documents are approved as addendums to the Dry Stack Tailings Facility Construction and Operation Plan subject to the following conditions:

Operations, Maintenance and Surveillance Manual (the "Manual")

1. Appendix A shall be updated as vacant positions are filled and on an ongoing basis to reflect current status;
2. The Manual shall be amended as the result of practical operational experience or where any additional monitoring or operational modifications are recommended in the annual physical inspection report required pursuant to Section 14.0 of the License; and
3. All amended manuals shall be included in the annual report for that reporting year as required pursuant to Section 14.5 of the License.

Dust Modeling

4. Upon commencement of operations, a TSP air sampler must be installed at the edge of the mill site, in between the mill and Keno City;
5. A weather station must be set up at the mill site prior to commencement of operations;

General Conditions


6. The Tailings Characterization Plan required under Water License QZ09-092 must be submitted for review by the Chief by December 31, 2010;

I wish to remind you that all requirements of the License remain in effect.

Neither I nor the Yukon Government makes any representations or warranties as to the sufficiency or adequacy of the plans or designs described in the Documents. Further, you are reminded that the approval of the Chief pertains only to the Chief's responsibilities under the *Quartz Mining Act* and that for greater certainty, nothing in this approval limits the applicable federal or territorial laws, including the *Operational Health and Safety Act* and related regulations.

Please do not hesitate to contact me at (867) 667-3126 if you have any questions or concerns.

Sincerely,



Tim Smith
Manager, Mining Lands

cc: Greg Komaromi, Assistant Deputy Minister of Oil, Gas and Mineral Resources

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Kevin McDonnell, Director, Water Resources
William Leary, Natural Resources Officer, Mayo