



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

September 14th, 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 Mine Development and Operations Plan
- Waste Rock Storage Facility, Bellekeno Mine Project**

Pursuant to section 13.1 of Quartz Mining License QML-0009 (the "License") for the Bellekeno Mine Project, a *"Mine Development and Operations Plan"* (the "Plan") was submitted and subsequently approved on August 3rd, 2010. Condition 1 of the August 3rd approval stipulated that the portion of the Plan that details the construction and operation of a surface Waste Rock Storage Facility ("WRSF") be reviewed and approved by the Chief prior to placing material. These details were provided in your May 4th letter entitled *"Supplemental Information to Mine Construction and Operation Plan, QML-0009"* ("WRSF Information"). The WRSF Information contained the following two attachments:

- EBA Engineering Consultants Ltd. letter dated April 1st, 2010 and entitled *"Response to Water Board Questions – Bellekeno Waste Rock Dump"*; and
- EBA Engineering Consultants Ltd. report dated July 2008 and entitled *"Typical Waste Containment Facility Design Keno Hill Silver District, YT Construction Specifications"*.

I, in my capacity of Chief, have reviewed the WRSF Information and have determined that it is approved as an addendum to the Mine Development and Operations Plan, subject to the following conditions:

1. Additional geotechnical investigations shall be carried out to better define conditions at the toe of the dump prior to the detailed design stage. The results of this investigation shall be incorporated into a detailed design report and submitted as part of the annual report required pursuant to section 14.5 of the License;

2. If placement of potentially acid generating metal leachate (potentially-AML) material on top of the WRSF is necessary or unavoidable, site specific geotechnical work must be undertaken and a detailed design report shall be submitted for review and approval prior to placement of any Potentially-AML material on the WRSF. This report shall address the adequacy of the closure cover in relation to the specific AML characteristics of the waste rock;
3. Dump development and stability, including the permafrost beneath the WRSF, shall be monitored and reported on as part of the annual physical inspection required pursuant to section 14.0 of the License; and
4. Designs for the waste rock haul roads shall be submitted for review and approval prior to construction.

I wish to remind you that section 15.0 of the License prescribes conditions to which the Licensee must adhere. If there is a conflict between the approved Supplemental Information to Mine Construction and Operation Plan and these prescribed conditions, these conditions will prevail to the extent of such conflict.

For greater certainty, in reviewing and approving the submitted Plan, I have relied upon the seal of the engineer who prepared the report and 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 Supplemental Information to Mine Construction and Operation Plan. 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) 456-3822 if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Smith', with a stylized flourish at the end.

Tim Smith
Acting Director, Mineral Resources

cc: Greg Komaromi, Assistant Deputy Minister of Oil, Gas and Mineral Resources
Kevin McDonnell, Director, Water Resources
William Leary, Natural Resources Officer, Mayo