



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

October 12th, 2011

Brad A. Thrall
Chief Operating Officer
Alexco Keno Hill Mining Corp
Suite 1150 – 200 Granville St
Vancouver, BC
V6C 1S4

Dear Brad:

Re: Approval of Waste Management Plan Revision 1

Pursuant to section 5.2 of Quartz Mining License QML-0009 (the "License") for the Bellekeno Mine Project, an updated Waste Management Plan has been submitted for the Chief's review and approval. This plan entitled "*Waste Management Plan, Revision 1, QML-0009, August 2010, Bellekeno Project*" (the "Plan"), prepared by Access Consulting Group was received electronically in my office on September 2nd, 2010.

After review and consideration, I have determined that this Waste Management Plan, Revision 1, is approved subject to the following conditions and replaces the previously approved Waste Management Plan dated November 2009.

Conditions of Approval:

1. A copy of any permit issued pursuant to the *Environment Act* must be sent to the Chief and the Waste Management Plan must be updated to ensure consistency with these permits; and
2. No sludge is to be placed in the Dry Stack Tailings Facility (the "DSTF") until the Dry Stack Tailings Facility Development and Operations Plan has been amended and approved. This amendment must provide details specific to how sludge will be managed and deposited on the DSTF.

I wish to note that in reviewing this Plan I took into consideration your September 14th, 2011 License amendment request to add the claims necessary for placing sludge in the

Brad A. Thrall
Page | 2
October 12th, 2011

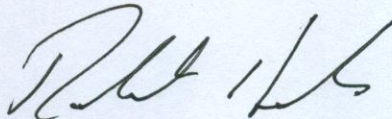
Bellekeno sludge deposit area within the Valley Tailings Facility. This amendment request will be dealt with under separate cover.

I would like to remind you that as per section 12.2 of the License, immediately upon approval you must implement the activities described in the Plan.

For greater certainty, in reviewing and approving the submitted Plan, neither I nor the Yukon Government make any representations or warranties as to the sufficiency or adequacy of the 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 *Occupational 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,

A handwritten signature in black ink, appearing to read 'R. Holmes', written in a cursive style.

Robert Holmes
Director, Mineral Resources

Cc: Chief Simon Mervyn St., First Nation of Nä-Cho Nyak Dun
Greg Komaromi, Assistant Deputy Minister of Oil, Gas and Mineral Resources
Jon Bowen, Director, Water Resources
William Leary, Natural Resources Officer, Mayo