



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

February 8, 2010

Clynt Nauman
President and Chief Executive Officer
Alexco Keno Hill Mining Corp.
Suite 1150 – 200 Granville Street
Vancouver, BC
V6C 1S4

Dear Mr. Nauman,

Re: Approval of Mill Development and Operations Plan

Pursuant to section 13.1 of Quartz Mining License QML-0009 (the "License"), a Mill Development and Operations Plan has been submitted to the Chief for review and approval.

I have reviewed the Mill Development and Operations Plan and have determined that it is approved subject to certain conditions described below. I wish to remind you that sections 15.2 to 15.13 of the License prescribe certain conditions to which the Licensee must adhere. If there is any conflict between the approved Mill Development and Operations Plan and these prescribed conditions, these conditions will prevail to the extent of such conflict.

The Mill Development and Operations Plan is described in the document entitled "Mill Development and Operations Plan, Quartz Mining Licence QML-0009, November 2009", prepared by Access Consulting Group.

The plan is approved subject to the following conditions:

1. No tailings are to be stored in the Dry Stack Tailings Facility (DSTF) until a Dry Stack Tailings Facility Construction and Operations Plan has been submitted and approved. This plan must include the information as outlined in the Chief's letter to the Licensee of November 18, 2009;
2. Submission of "as built" mill drawings, sealed by an engineer licensed to practice in the Yukon, are required prior to start-up; and

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3. A program to sample and characterize groundwater resources that could be affected by the mill site must have commenced prior to mill construction.

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 Mill Development and Operations 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 all work undertaken in relation to the Mill Development and Operations Plan must comply with the *Occupational Health and Safety Act* and related regulations.

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

Sincerely,



Robert Holmes
Director, Mineral Resources

cc: Greg Komaromi, Assistant Deputy Minister of Oil, Gas & Mineral Resources
Chief Simon Mervyn Sr., First Nation of Nä-cho Nyak Dun
Kevin McDonnell, Director, Water Resources
William Leary, Natural Resources Officer