

C O E U R

A L A S K A

KENSINGTON GOLD MINE

M E M O R A N D U M

To: Steve Hohensee
U.S. Forest Service

From: Rick Richins

Date: February 19, 2008

Subject: **Technical Memorandum #1 – Alternatives Comparison (Revised)**

Further to our discussions last week, enclosed is a comparison matrix describing the following 1998 Preferred Alternative (Alt. D); 2004 No Action Alternative (Alt. A) and the Scaled-Down Dry Tailings Facility evaluated in the 2004 FSEIS (Alt. A1); the 2004 Lower Slate Lake Selected Alternative; and the 2008 Proposed Comet Paste Tailings Facility (PTF) Alternative. Drawing 6 in the Modified Plan of Operations overlays Alternative A and the PTF. The PTF area of disturbance in the Drawing 6 overlay is very nearly the same as the Alternative A area, only being smaller and providing a more simple reclamation strategy. These two alternatives, as well as a number of other environmental comparison categories including wetlands and reclamation/closure, are presented in the matrix. Table 14 in the Modified Plan of Operations provides a detailed breakdown for all land parcel acres of disturbance.

I hope these comparisons are useful to the Forest Service in evaluating the proposed Modified Plan of Operations.

Best regards,

Rick

Enclosure

Comparison of Impacts by Alternative for the Kensington Gold Project

Year Alternative		1998 D	2004 A	2004 A1	2004 D (Lower Slate Lake)	2008 Proposed
Tailings Method		Drystack	Drystack	Drystack	Subaqueous	Paste Berm (permitted to dam design standards)
Impoundment Required (Dam)		Not a Dam	Not a Dam	Not a Dam	Dam	
Tailings Impoundment Max. Height	(ft)	220	220	220/160	90	85
Mineral Reserve Analyzed	(thousand tons ore)	17.5 mt	4,113	4,113	4,113	4,419
Mining Rate	dev. Rock	4000 TpD 400 TpD	same as 1998 D	2000 TpD 400 TpD (FSEIS, 2004)	2000 TpD 400 TpD (FSEIS, 2004)	1250 TpD 400 TpD
Development Rock	(million tons)	17.5 mt	1.6 mt	1.6 mt	1.6 mt	1.6 mt
TAILINGS PRODUCTION						
Tailings Stored on Surface	(million tons)	20.0	20.0	4.5 50 A	4.5 58	3.15-4.0 57.1 A (no safety berm required)
Total Acres Tailings Facility		113.5 A	113.5 A (+ 20 A safety berm)	(incl. safety berm)	(no berm required)	
Tailings Stored Underground	(million tons)	6.0	6.0	3.0	1.8	1.26-1.6
Till & Sand/Gravel/Rock		54 A pits	54 A pits	43 A	4.6	44 A ^{1/}
Soils	(acres)	268	268	187	116	227
Old Growth Impacts	(acres)	72 (FSEIS, 2004)	72	72	25	72
WETLAND IMPACTS						
Short Term Loss	(acres)	268	268	187	98.6	165 ^{2/}
Long Term Loss	(acres)	164	164	124	3.4	68
Wetlands Reclaimed	(acres)	104	104	63	95.2	97
Energy Consumption (Diesel Million Gallons (MG)/Yr.)		6.5 MG	6.5 MG	4.5 MG	3.0 MG	3.5 MG
Land Ownership						
Total	(acres)	270	270	187	194	311 ^{2/}
Forest Service	(acres)	247.7	247.7	164.7	171.7	282.8
Private	(acres)	22.3	22.3	22.3	22.3	44.2

^{1/} See Table 14 Modified Plan of Operations (Coeur Alaska, Inc., 2008). Till/sand/gravel and rock areas = Parcels 3, 26 and 48.

^{2/} 311 acres reflects all existing disturbance including Lower Slate Lake. Lake, margin area and access road to be reclaimed are about 56.2 acres, plus the undisturbed lake proper @ 20 acres. Therefore, the 2008 proposed disturbance actually equals about

Note: Project footprint is independent of daily mill throughput rate. Rather, it is dependent on total ore reserve.

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M E M O R A N D U M

To: Steve Hohensee, U.S. Forest Service
From: Rick Richins
Date: March 10, 2008
Subject: Technical Memo #2 – Relocation of PTF Reclamation Stockpile

The U.S. Forest Service has recommended that Coeur Alaska (Coeur) assess the preliminary feasibility of locating the approximately 305,000 cubic yards (cy) of topsoil/organic material scraped and excavated from the 101.6-acre site at the Comet Terrace, inside the footprint of the excavation. The site has been designated and evaluated for locating a paste tailings facility (PTF) to accommodate storage of 3.15 to 4.0 million tons of treated flotation tailings from a 1250-ton/day mill located on the Jualin side near the 1000 ft. portal entrance for the tunnel which connects to the Kensington or Comet side.

The paste tailings surface area comprises about 57 acres at the Comet site. Detailed geotechnical, hydrology, soils and wetlands field studies have been conducted at the site. The site characterization described in detail in the Modified Plan determined that the site is well-suited for the PTF.

In addition to the 57 acres, 44.6 acres will be required for the PTF containment berm, road realignment and perimeter roads and diversions, the paste plant and ponds. Areas adjacent to the PTF site will be used for dispersing storm water flows into heavily vegetated undisturbed sites for land infiltration. These areas will not involve land disturbance.

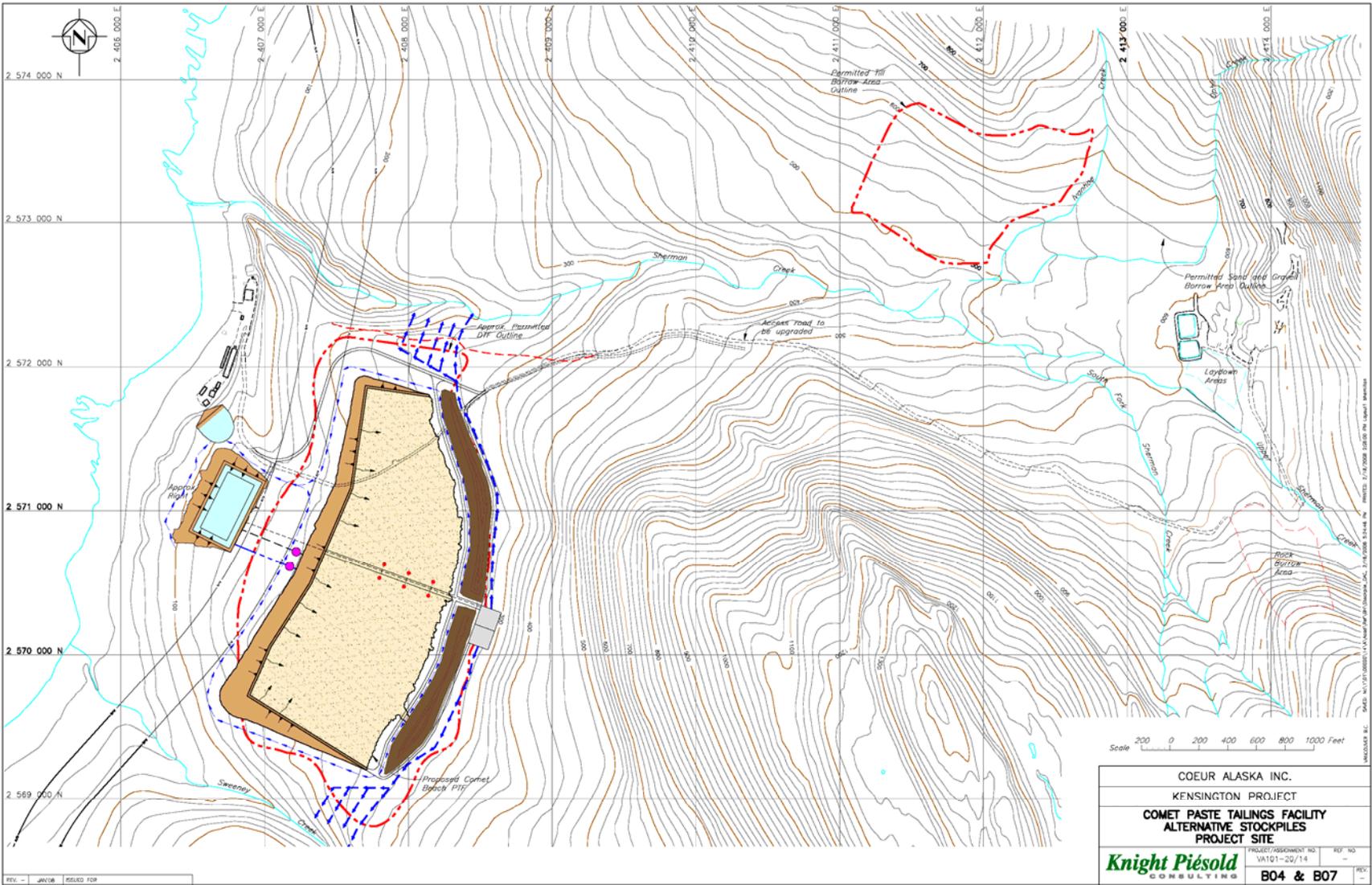
A topsoil/organic material balance was prepared for the main PTF site. About 305,000 cy of material would need to be stored from the disturbance/construction for future reclamation at closure. Initially all 305,000 cy would be stored inside the PTF footprint. After Year 4 of operations, about 98,000 cy of this material would be moved and hauled to Kensington Pit #2 for temporary storage and stabilization of the organics.. This would leave approximately 207,000 cy to be stored inside the PTF “footprint” to limit surface disturbance. At closure, all 305,000 cy of the topsoil/organic material would be placed on top of the capped PTF as part of the final reclamation/closure strategy for the PTF

The figure which is attached shows a preliminary layout for the topsoil/organic material. It is located along the eastern edge of the PTF. This area could be developed for storage early in the PTF construction sequence, as initially only 20 acres of paste storage area is required through Month 10 for paste placement, and only 40 acres through Year 4 (see Table 17, Modified Plan of Operations).

Steve Hohensee
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March 10, 2008
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Additional sequencing for placement of the paste tailings in the “paddocks” and application of the reclamation material is currently being finalized. Over the 10-year life of the project, about 57 acres of surface area will be disturbed for paste tailings placement at the Comet Terrace site. An additional 44.6 acres of disturbed area will be required for the ponds and primary and ancillary roads, and the perimeter diversions (see Table 14, Modified Plan of Operations).

Attachment



REV: - JMT/SH ISSUED FOR

Scale 0 200 400 600 800 1000 Feet

COEUR ALASKA INC.	
KENSINGTON PROJECT	
COMET PASTE TAILINGS FACILITY ALTERNATIVE STOCKPILES PROJECT SITE	
Knight Piésold CONSULTING	PROJECT/ASSIGNMENT NO. VA101-20/14
B04 & B07	REV. NO. -