INSPECTION REPORT: KENSINGTON GOLD MINE

Tongass National Forest Minerals Group
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Date of Inspection: Wednesday July 17, 2019
Date of Report: Thursday July 25, 2019
USDA Forest Service Inspector: Richard Dudek

Ranger District: Juneau Ranger District
Weather Conditions: Partly cloudy with sun. Temperature: High 50's ◦F.

Exploration in accordance with operating plan	Not Applicable
Timber removal following timber sale contract	Not Applicable
BMPs for erosion control	Satisfactory
Water Quality BMPs	Satisfactory
Public safety & fire prevention	Satisfactory
Reclamation work adequate and timely	Satisfactory
Roads maintenance adequate and current	Satisfactory
Tails placement in accordance with plan	Satisfactory
Waste Rock placement in compliance	Satisfactory
Company supervision of operation	Satisfactory
Operating in a clean and orderly manner	Satisfactory

Any conditions noted as UNSATISFACTORY will require follow up action by the Mine Inspector and a written memorandum to the operator, outlining the necessary work.

NEW REMARKS

Ward Air provided (Cessna 206) transportation to and from site.

Kevin Eppers (Environmental Manager, Coeur Alaska) accompanied Richard Dudek (Geologist, USFS), Shannon Kelly (ADNR), and David Khan (ADEC).

This inspection included the Access roads, Comet Development Pile, Comet Water Treatment Plant (CTWP), Sherman Creek Outfall 001, Kensington Mill area, Kensington lower camp, Pit 4, and the TTF area.

ACTION ITEMS:

- **No new action items were documented during this inspection.**

NOTEWORTHY ITEMS

- **Coeur Alaska recently removed housing units (Photo 1) that were located at the lower camp to make room for the maintenance shop. These housing units will be shipped off site and refurbished by another company in Juneau.**

ACCESS ROADS

During the inspection, the access roads were in good condition (2016 BMP Plan; Table 4-4).

COMET DEVELOPMENT PILE

Waste rock from the Raven drift is being deposited at this location (Photo 2).

COMET WATER TREATMENT PLANT (CWTP)
On 7/17/2019, the CWTP was treating 1261 per minute (gpm). Pond-1 (Photo 3) was receiving mine site water. CWTP operators were in the process of dredging Pond-1. This process takes about two to three weeks. Once the dredging for Pond-1 is complete, Coeur Alaska personnel will begin dredging Pond-2.

Pond-2 (Photo 4) was receiving backwash from the water treatment plant, and some overflow water from Pond-1.

White material was not observed on the test rock used for monitoring white material (Photo 5).

SHERMAN CREEK OUTFALL
White material was observed in the creek bed (Photos 6-7). Coeur Alaska personnel continue to use calcium chloride ($CaCl_2$) as part of the treatment process for removing white material out of solution.

COMET BEACH
Coeur Alaska continues to stage surface exploration drilling core at this location (Photo 8).

KENSINGTON MILL AREA
Coeur Alaska personnel have begun removing the old generators and the associated equipment from the site (Photo 9).

KENSINGTON MUD DUMP
Mine Rescue staff are using an old out of commission school bus for emergency training exercises (Photo 10). It was also observed that all fluids were removed prior to staging the bus for training.

PIT 4
Coeur personnel continue to use the graphitic phyllite (GP) stockpile that is staged at Pit 4 for cement underground backfill (Photo 11). Approximately 7,500 tons of GP/cement mix has been generated for underground backfill.

TAILINGS TREATMENT FACILITY (TTF) AREA
At the time of the inspection, Coeur Alaska personnel were fusing together sections of HDPE pipe that will be used as the second diversion pipeline (Photos 12-13).

The TTF's recorded water level on 7/17/2019 was 704.85 feet (Photo 14).

The TTF water treatment plant's net treatment rate was 160-gpm. The reverse osmosis system and the microfiltration system were treating 160-gpm. It was also noted that the treatment plant was not withdrawing water from Upper Slate Lake for the dilution process.

The acid rock drainage (ARD) collection sumps located at northern TTF laydown yard were functioning as intended (Photo 15). The ARD that is collected will be treated at the seepage treatment plant, and then discharged into the TTF's infiltration gallery.

FOLLOW UP ITEMS
Inspect the access roads.
Inspect the Comet water treatment plant and settling ponds.
Inspect for white material in Sherman Creek.
Inspect the TTF area.
Inspect Bridge 1 and 2.

PHOTOS (Additional photos available upon request)

Photo 1. Housing units removed from the lower camp area.

Photo 2. The Comet development pile.

Photo 3. The dredge in operation at Pond-1.

Photo 4. Pond-2 receiving backwash from the treatment plant.

Photo 5. The test rock for monitoring white material.

Photo 6. White material adhering to rocks.

Photo 7. White material accumulation just downstream of outfall 001.

Photo 8. Staged drill core at the Comet Beach area.

Photo 9. The removal of the decommissioned generators.

Photo 10. A mini-bus staged for emergency rescue training.

Photo 11. A parked haul truck waiting for a batch of GP cement mix.

Photo 12. Coeur Alaska personnel fusing together sections of HDPE pipe.

Photo 13. The fused HDPE pipe is being routed to the stage 3 dam.

Photo 14. The TTF.

Photo 15. The northern TTF area ARD collection sump.

Thanks to Kensington Mine for a safe visit.
U.S. Forest Service Officer: /s/ Richard Dudek