Kensington Gold Project 2011 Annual Report

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For:

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- 1. Kensington Marine Mammal Report 2011 Transportation Action Strategy, May 2011, Coeur Alaska, Juneau, AK
- 2. Terrestrial Wildlife Monitoring Plan Slate Lakes Basin, December 2011, Travis/Peterson Environmental Consulting, Inc., Anchorage, AK

References

- Coeur Alaska, Inc., 2011, Kensington Gold Project NPDES Permit AK-005057-1 Annual Water Quality Monitoring Summary Volume 1: Aquatic Resource Surveys 2011.
- Coeur Alaska, Inc., 2011, Kensington Gold Project NPDES Permit AK-005057-1 Annual Water Quality Monitoring Summary 2011 Volume 2: Water Quality Data.

Introduction

The Kensington Gold Project is owned and operated by Coeur Alaska, Inc. (Coeur) a wholly owned subsidiary of Coeur d'Alene Mines, Inc. The project is located on the western and southern flanks of Lions Head Mountain; between Berners Bay and Lynn Canal; and in the drainages of Johnson, Sherman, and Slate Creeks (See Figures 1-10). Coeur Alaska has prepared this annual report to comply with requirements of the U.S. Forest Service (USFS) Plan of Operations (POO) for the Kensington Gold Project.

The Kensington Gold Project received authorization under the POO on June 13, 2005. The Final Supplemental Environmental Impact Statement, U.S. Forest Service Record of Decision and all necessary major permits were issued prior to year end 2005. Coeur Alaska issued construction contracts and ground breaking was initiated during July 2005.

Following a suspension of construction activities during the litigation process for the 404 Permit, construction activities at the TTF that resumed in 2009 were completed in the 3^{rd} quarter of 2010 and operations of the facility began in June of 2010. Gold production operations continued throughout 2011 consistent with the approved POO.

Section 1.0 contains a synopsis of the activities conducted at the Kensington Gold Project during calendar year 2011, and Section 2.0 contains projections of activities planned for calendar year 2012.

Summary of 2011 Activities

1.0 Public Safety

Public access to the project site is managed as defined in the established Public Access Control Plan. Public access to the site must be controlled to ensure the safety of the public. During the construction and operational phases of the Project, hazards such as truck traffic, blasting, barge and tug operations, clearing operations, and earthwork could result in physical harm to unauthorized visitors.

During 2011, personnel accessed the site via boat and rotary wing aircraft. Agency inspections and other public personnel generally accessed the site by fixed winged aircraft and boat.

Supplies and equipment for the facility are delivered by barge to the Slate Creek Cove Marine Terminal.

2.0 Construction Activities

Construction activities at the TTF were completed in the 3^{rd} quarter of 2010. This included the construction of the tailings conveyance pipeline from the mill facility to the TTF.

Additional infrastructure construction continued throughout 2011. This included the construction of a warehouse building, expansion of the kitchen and dining room, three story dormitory, dry facility, underground paste plant. All of these facilities were constructed on private land that had been previously disturbed during construction of the site.

The majority of the surface disturbance associated with construction was completed in 2005 and 2006 as outlined in the project disturbance summary Table 1. No additional surface disturbance occurred in 2011.

A total of 76,957 feet of underground core drilling was completed in the period of January through December of 2011. The drilling was comprised of development and exploration programs.

The 2011 development drilling program included 58,891 feet in 401 holes. This drilling was completed by contracted drilling company using NQ2 and HQ core drill tooling. This program was accessed in the Kensington up-ramp and down-ramp.

The 2011 exploration drilling program included 20,066 feet in 31 holes. This was also completed under a drilling contract and used NQ2 and HQ core tooling. All of the exploration drilling was completed from drill stations located underground and along or near the Comet Access Tunnel. There was no drilling completed from the surface in 2011.

2.1 Storm Water Controls

Construction operations on both the Jualin and Comet sides of the Kensington Gold Project were conducted in compliance with the Storm Water Pollution Prevention Plan (SWPPP) requirements. Both temporary construction Best Management Practices (BMPs) and sediment pond BMPs were utilized to control excess sediment production from disturbed areas that otherwise might enter waters of the state. A full description of storm water controls can be found in the Storm Water Pollution Prevention Plan (SWPPP) for the Kensington Gold Project, April 2009.

Sediment ponds and silt fences were maintained, and existing check dams were also maintained throughout the site. Designs for these construction BMPs are discussed in the SWPPP. Most operational (long-term) sediment ponds were constructed during 2005, and all were constructed as designed in the SWPPP Addendum B.

The nature of construction BMPs is transitory; i.e., they change in response to site conditions and the rapidly evolving ground conditions encountered during construction. Therefore, designs are dependent on site conditions, which may change day by day.

However, as construction elements are completed, operational BMP sediment ponds have been developed, which discretely demonstrate compliance with the SWPPP as amended.

In addition to SWPPP monitoring and inspections, site receiving water monitoring was also conducted in accordance with the current site APDES permit to further document compliance with state water quality standards. Receiving water sampling data are discussed below under APDES monitoring (section 1.9.1).

2.2 Corps of Engineers Wetland Disturbance

An annual summary of wetland areas impacted and reclaimed is a requirement of the Corps of Engineers (COE) 404 fill permit. Wetland areas impacted are tallied in Table 2. Overall, total fill in waters of U.S. as of December 2011 is 72 acres.

2.3 Access Corridors

Road improvements during 2011 were an ongoing priority of project. Continued road surfacing and interim reclamation seeding were major improvements to the road projects in 2011. The maintenance of storm water BMPs along the Jualin and Kensington access corridors were also a major ongoing priority for 2011.

3.0 Mine Operations

3.1 Ore Production

Mining operations were in full production in 2011 and mining occurred in all 12 months in 2011. Approximately 363,411 tons of ore was mined in 2011.

3.2 Development Rock Production

Approximately 176,238 tons of development rock was mined in 2011. Approximately 93,033 tons of development rock was brought to the surface and placed into stockpiles and 83,205 tons were placed underground as backfill. Development rock sample results for 2011 are contained in Table 4. No development rock was placed on the surface in the 2nd and 3rd quarters of 2011. Additionally, no development rock was placed in the Comet Development Rock Stockpile in the 1st quarter of 2011. The majority of the development rock hauled to the surface is planned to be utilized for the Phase 2 Tailings Treatment Facility embankment raise planned for 2012.

3.3 Dust Suppression Activities

During the early summer months, the project's climate was exceptionally dry and road watering via water wagon was required on a routine basis to control fugitive dust. A new water truck was purchased in late 2010 and was utilized in the summer of 2011 to enhance dust suppression efforts.

4.0 Mill Operations

Full operation of the mill facility occurred in 2011. Approximately 415,340 tons of ore was processed through the mill facility in 2011.

4.1 Gold Production

Approximately 10,225 tons of concentrate was shipped from the Kensington mine to an off-site refinery. Of the 10,225 tons of concentrate shipped off-site, approximately 88,192 ounces of gold was contained.

4.2 Tailing Production

Approximately 405,430 tons of tailings were conveyed to the Tailings Treatment Facility for disposal during 2011. Tailings samples were collected in each of the four quarters of 2011 and there results are contained in Table 5.

5.0 Solid/Hazardous Waste Generation and Transport

Solid waste was generated from the Comet and Jualin sides of the Kensington Gold Project, including: incinerator ash, construction debris, worn cable, tires, and broken equipment. This material was managed in accordance with the approved ADEC Solid Waste Management Permit. Coeur Alaska generated approximately 333.4 tons of solid waste, including 1.2 tons of incinerator ash and 5 tons of tires. Additionally, approximately 240 tons of scrap metal was recycled. These materials were shipped to Juneau, then transported to disposal facilities or otherwise managed according to controlling regulations and permits

In an effort to reduce the quantity of solid waste being sent to the landfill, a site recycling program was established in 2008 and continued to be a utilized in 2011. Additional collection sites were established around the site in 2011 to ensure that recyclable materials were incorporated into the recycling program. Training was provided to site personnel on the recycling program in 2011.

Hazardous waste, including Universal waste, generated at the site could include:

- Lead/acid batteries
- Florescent Lamps
- Paint and paint related waste
- Wastes associated with the Assay Laboratory
- Water Treatment Plant laboratory waste
- Computer backup power supplies

Universal wastes (batteries, lamps, mercury switches) need not be manifested.

6.0 Tailings Treatment Facility

Following the favorable decision from the Supreme Court, the Army Corp of Engineers (ACOE) issued Permit Modification POA-1990-592-M6 and lifted the suspension of

Permit Modification POA-1190-592-M on August 14, 2009. Construction activities on the tailings treatment facility began after the issuance of the permit modification and continued until the 3^{rd} quarter of 2010 at which time construction of the facility was completed. Operation of the facility began in June of 2010 and continued throughout 2011.

7.0 Compliance

No Notice of Violation's (NOV) were issued to Coeur Alaska during 2011.

All reporting was completed as required by permit conditions. One component of this document is the reporting of spills. Each spill that occurred during 2011 was taken very seriously and all site resources were utilized, as appropriate for each occurrence. The spills were all properly reported and cleaned up in accordance with ADEC guidelines (Table 3). A bioremediation cell was designed, permitted, and constructed during 2008. Soil that was excavated in 2011 as part of hydrocarbon related spill clean-up efforts was placed in the bioremediation cell for remediation as approved by ADEC.

Graphitic Phyllite material that was removed as part of the embankment foundation excavation was placed in the large bioremediation cell for storage until such time as the material can be placed in an underground stope and encapsulated with paste backfill for final disposal. An appropriate underground stope is anticipated to be available in 2014 for final disposal of this material.

During the 2011 year, the following fifteen guidelines were updated in various aspects of environmental management at the site to ensure permit compliance:

- Johnson Creek In-stream flow monitoring
- Daily TSS Sampling
- Labeling
- Hazardous and Non-Hazardous Waste Handling
- Spill Response Notification
- Empty Container Management
- Fueling Guidelines
- Hydrocarbon Contaminated Soil
- NOx Analyzer
- Purchasing New Products or Chemicals or Materials
- Secondary Containment Pumping
- Sample Container
- Site Recycling
- NPDES QA/QC
- Septic Spill Clean-Up

The Intelex tracking system was populated with permit requirements and reminders during 2011. The tracking system sends email reminders to employees responsible for the completion of the permit requirements to ensure site permit compliance.

8.0 Reclamation

No permanent concurrent reclamation was performed in 2011; however, interim seeding stabilization associated with topsoil stockpiles, road ditches, area adjacent to Tailings Treatment Facility, access roads, and tailings conveyance pipeline route was performed as a BMP under the approved SWPPP plan.

8.1 Revegetation Test Plots

Revegetation test plots are planned to be installed in the spring/summer of 2011 in the Snow-Slide Gulch area.

9.0 Monitoring

9.1 NPDES/APDES

Alaska Pollutant Discharge Elimination System (APDES) permit number AK0050571 was issued on July 29, 2011 and became effective on September 1, 2011. Results of the extensive monitoring program contained in the Kensington Gold Project APDES permit AK-005057-1 are compiled in Volume 1: Aquatic Resource Surveys and Volume 2: Water Quality Data of the APDES Annual Water Quality Monitoring Summary 2011 (Coeur, 2011). This report will be submitted to the US Forest Service, Juneau under separate cover.

9.2 Fresh Water

Fresh water monitoring requirements are contained within the USFS POO. Monitoring performed for the APDES permit and summarized in the Kensington Gold Project APDES Permit AK-005057-1 Annual Water Quality Monitoring Summary 2011 Volume 2. Water Quality Data are inclusive of the requirements under the USFS POO. This report will be submitted to the US Forest Service, Juneau and the Alaska Department of Environmental Conservation (ADEC) under separate cover, as the APDES 2011 Annual Report.

9.3 Water Usage

Under requirements of the ADNR water rights, certain water usage and stream flow submittals are prepared. Some of these filings are made monthly while others are submitted quarterly. These reports are available at ADNR's offices, Juneau.

9.4 Aquatic Resource Surveys

The USFS POO references aquatic resource surveys, which are to include:

- Annual photographs of stream habitat types.
- Fish surveys and minnow trapping in Upper Slate Lake.

• Salmon escapement surveys in Sherman, Slate, and Johnson Creeks.

Annual photographs of stream habitat types are included in the Kensington Gold Project APDES Permit AK-005057-1 Annual Water Quality Monitoring Summary Volume 1: Aquatic Resource Surveys 2011.

Salmon escapement surveys were performed in 2011 on Sherman, Slate, and Johnson Creeks. Tabulations of these data are presented in the Kensington Gold Project APDES Permit AK-005057-1 Annual Water Quality Monitoring Summary Volume 1: Aquatic Resource Surveys 2011.

9.5 Marine

The U.S. Forest Service Plan of Operations Appendix 4.d. contains a marine monitoring program for Berners Bay.

Between April 26 and May 19, eighty-five marine mammal observation surveys were completed aboard the M/V Majestic Fjord. The official eulachon run transportation regulations as determined by Coeur Alaska and NMFS were put into effect on April 28, 2011. Special measures taken during the eulachon run included: having a marine observer on the vessel during all trips and maintaining a maximum speed of 13 knots within Berners Bay. Regular transit speed is approximately 21 knots. Transportation vessel trips during the eulachon run were limited to 1-2 trips daily. The most intense herring spawn in Berners Bay appeared to have occurred around April 29 to May 6, thus the three week restrictions were placed at the right time in 2011 to cover the greatest marine mammal activity surrounding the herring run. No incidents occurred during the year. Please refer to Attachment 2 for additional information related to the marine surveys.

9.6 Air

During the reporting period, bi-annual Facility Operating Reports, including fuel use summaries, were submitted to the Fairbanks office of ADEC Air Permits Program (610 University Avenue) in compliance with ADEC air quality permits. These reports are not reproduced here, but can be provided upon request.

9.7 Archeology

Surface disturbance activities within historic areas were completed during 2005. No additional surface disturbance occurred in 2011.

Mr. Urion had been to the mine site to film on both the Comet and the Jualin side in the fall of 2006. He filmed at the Comet side of the mine again in spring of 2007. Mr. Urion also completed his research and a script for a DVD format film. Mr. Urion was scheduled to complete the filming in the spring of 2008 after another visit to the Jualin side of the project area, but due to the unexpected death of Mr. Urion in 2008, the filming was not completed as scheduled in 2008. Coeur obtained the existing film that was compiled by Mr. Urion, but no script could be found. Coeur was able to locate the script that accompanied the existing film during 2010. The cost of filming and preparation of

the script were not invoiced by Mr. Urion prior to his unexpected death. On-going discussions were conducted in 2011 with Mr. Urion's wife on reimbursement for the cost of the filming and script preparation. Additionally, a qualified local historian was located and is in the process of preparing an associated script documenting the history of the Berners Bay Mining district

No archaeological testing, monitoring, or other data recovery activities were conducted at the Kensington-Jualin mine during 2011. As indicated in Appendix A of the MOA, probing and testing of Features F and T will be conducted once the mine is in operations. Quotes were obtained for conducting this work in 2010. In 2011, there was a turnover in site management and the costs for conducting the probing and testing were inadvertently not included in the 2011 site budget. With the bid proposals of approximately \$400,000 to conduct the testing and probing, the work was not completed in 2011 given that it had been left out of the budget. The probing and testing work was placed in the approved 2012 site budget and is planned to be completed in 2012. Operations of the mine are expected to remain for the next 9-11 years, based on the current gold reserve. The testing is required to be conducted during the operations phase of the project, thus completing the testing in 2012 would meet this requirement.

Training was conducted for all new employees as part of the new-hire environmental awareness training program in addition to the recurring annual refresher training for all Coeur employees in 2011. Additionally, all construction workers were provided this training as part of the construction environmental awareness training program. Newly hired employees and construction workers are not allowed to work on-site until they received this training. The training clearly stated Coeur's policy regarding unauthorized collections from private and public lands. Approximately 900 hours of training, which included the Cultural Resource training was conducted in 2011 with employees and contractors.

9.8 Tailings Treatment Facility Ecological Monitoring Plan

Dolly Varden char spawning surveys in Upper Slate Lake were not conducted in 2011. In June 2011, USFS and ADF&G biologists met with Coeur staff and agreed to discontinue sampling as data collected 2005-2010 met the intent of this study requirement. Additional sampling will not be required.

9.9 Berners Bay Transportation Plan

Marine vessel transport occurred between Juneau and Slate Cove or Comet Beach. Heavy equipment and supplies were transported via barge or landing craft and were received at Slate Cove or Comet Beach. Additionally, mine employees were transported via boat and were also received at Slate Cove. Marine waters around all marine facilities discussed above were open to public access.

It is a requirement of the Berners Bay Transportation Policy, Mitigation, and BMP Plan to collect information on company marine vessel encounters with special fish, marine mammals, and important bird species during the eulachon spawning season in Berners Bay. This information is documented in Attachment 2.

9.10 Development Rock, Borrow Source, and Tails Material

Development rock and tailing sampling for acid base accounting (ABA) is a requirement of the POO. Development Rock sample results for 2011 are contained in Table 4. No development rock was placed on the surface in the 2^{nd} and 3^{rd} quarters of 2011. Additionally, no development rock was placed in the Comet Development Rock Stockpile in the 1^{st} quarter of 2011. Development rock acid-base accounting results indicate minimal potential to generate acid rock drainage.

Quarterly tailings sample results for acid base accounting is contained in Table 5. Acidbase accounting results indicate that the tailings solids are net-neutralizing, thus minimal potential exists for acid rock drainage.

9.11 Construction/Excavation Dewatering (Non-Stormwater)

No construction/excavation dewatering (Non-Stormwater) occurred at the site during 2011.

Groundwater intercepted in the mine workings is treated and discharged to Sherman creek. This discharge is authorized under ADEC APDES permit AK-005057-1.

Tailings water was decanted and pumped from the TTF to the TTF WTP where it is treated and discharged to East Fork of Slate Creek. This discharge is authorized under ADEC APDES permit AK-005057-1.

9.12 Tailings Treatment Facility Monitoring

Construction of the TTF was completed in the 3rd quarter of 2010 and operations of the facility began in June of 2010 and continued throughout 2011. Monitoring the TTF was conducted according to the approved Operation and Maintenance (O&M) manual dated August 13, 2010. The O & M Manual describes procedures for operating the Lower Slate Lake Tailings Dam under normal and extreme reservoir level and flow conditions. Additionally, the O&M manual describes the daily, weekly and quarterly inspections that are required to be conducted at the dam along with any actions and maintenance activities that are necessary as a result of the inspection observations.

9.13 Wildlife

9.13.1 ADFG Goat Monitoring

Mountain goat monitoring in the Lions Head Mountain area associated with the Kensington Gold Project has been conducted intermittently since the late 1980's, in part to help determine potential future mine impacts on this population. An updated ADFG goat study is planned to be included in the APDES Permit AK-005057-1 Annual Water Quality Monitoring Summary Volume 1: Aquatic Resource Surveys 2011. Additionally, ADFG is planning on presenting the results of the study at the annual project meeting.

9.13.2 Terrestrial Wildlife Monitoring – Slate Lakes Basin

Wildlife Monitoring was conducted during 2011 in accordance with the Kensington Project Terrestrial Wildlife Monitoring Plan. This plan was designed to ensure that environmental impacts to wildlife resources in the Slate Lakes basin area are mitigated during both construction and operation of the Kensington Project and that the reclamation process includes a plan to support and encourage use by local wildlife. See Attachment 2 for the 2011 Terrestrial Wildlife Report.

10.0 Avalanche Safety Plan

Coeur Alaska maintains an avalanche hazard awareness and mitigation safety plan during the winter season. A qualified Avalanche Program Director is retained to:

- Identify and quantify the snow avalanche safety hazard
- Prepare recommendations on managing that hazard
- Train employees and contractors in pertinent requirements of the resulting safety plan
- Prepare daily hazard forecasts and perform potential avalanche control activities

Because of the steep terrain adjacent to the site and large quantities of snow-fall, risk avoidance cannot be accomplished in all cases. Therefore, an active avalanche risk mitigation program was initiated. This involves the use of explosives to initiate controlled release of smaller avalanches so as to reduce the risk of naturally triggered larger and more destructive avalanches.

During 2011, active control work was required and performed. During the 2011 reporting period,

- Areas of avalanche risk were placarded
- Crews were informed of avalanche hazards and the appropriate responses to those hazards
- Daily risk forecasts were prepared and communicated to crews, based on site weather and snow condition data
- Avalanche rescue equipment was located on-site
- Crews were trained in their roll in avalanche rescue operations and the use of the rescue equipment as appropriate
- Avalanche control was utilized on several occasions through the use of an avalancher and explosives.

During the reporting period, site activities were not curtailed as a result of identified avalanche hazards and no personnel were caught or injured in avalanches.

11.0 Dam Safety Oversight Status

Construction activities on the tailings treatment facility were completed in the 3rd quarter of 2010 and operations of the facility began in June of 2010 and continued throughout 2011. Alaska Department of Natural Resources (ADNR) - Dam Safety conducted one site inspection of the embankment construction during 2011. The operation and maintenance plan was reviewed and approved by dam safety.

Knight Piésold (KPL) conducted a Periodic Safety Inspection (PSI) for the Lower Slate Lake Tailings Dam in July 2011. No issues were identified by KP during the PSI.

The Alaska Dam Safety "Certificate of Approval to Operate a Dam", dated November 18, 2010, Special Condition 11 states "additional subsurface investigation must be conducted in the abutments of Stage 2 and 3, prior to submitting the application for Stage 2 modification". The geotechnical investigation program was conducted in the fourth quarter of 2011 and consisted of 6 drill holes to define the subsurface conditions along the east and west abutments. The drilling program consisted of both vertical and directional holes with the collection of samples for both geo-mechanical logging and geotechnical laboratory testing.

Projected Activities for 2012

Key Issues and Permitting Activities

Coeur Alaska, Inc. currently holds APDES Permit AK-005057-1 for its Kensington Mine Project. Alaska Pollutant Discharge Elimination System (APDES) permit number AK0050571 was issued on July 29, 2011 and became effective on September 1, 2011. The APDES permit contains several revisions to aquatic resource monitoring which will be implemented in 2012. The revisions to water quality monitoring were implemented in 2011.

An Integrated Waste Management Permit Application was submitted to ADEC on April 2, 2010. The application provides a description for the disposal of wastes from the Kensington Mine in accordance with the regulations in 18 AAC 60. The application was submitted to obtain an Integrated Waste Management Permit for the site. The new Integrated Waste Management Permit is expected to be issued in 2012.

A revised reclamation plan and cost estimate was prepared and submitted to the agencies on April 2, 2010. Additional comments were received from the agencies in the 4th quarter of 2010. A revised reclamation plan and cost estimate with the agency comments incorporated into the plan and cost estimate was submitted in April 2011. Additional agency comments were received in August 2011 and a comment –response letter was submitted in December 2011 addressing the agency comments received in August. No comments have been received to date on the cost estimate and are expected in early 2012. One additional surface infrastructure building is planned to be constructed in 2012. An administration building is planned to be constructed at the lower landing zone in the 1st half of 2011.

Coeur Alaska, Inc. currently holds a Title I minor source air quality permit AQ0111MSS04 issued on October 21, 2010. Additionally, Approval to Operate a portable crusher and screening plant under AQ0111MSS05 was issued on September 1, 2011. An application is planned to be submitted in early 2012 to revise permit number AQ0111MSS04 to reflect current site conditions as three generators at the site are either no longer operable or no longer required for the project.

1.0 Public Safety

No changes to the Public Access Control Plan are contemplated for 2012.

2.0 Mine Operations

Ore Production will be reduced by about 50% over the first six months of 2012 to allow for several key project and initiatives to be completed. Projects to be completed include the paste plant and paste line, commissioning of the paste plant, warehouse, kitchen, administrative facilities, underground settling sumps, and several under-ground development projects. Upgrades to the mine dewatering system are planned to be conducted with the installation of additional piping to convey water to the comet mine water treatment plant. This will reduce the amount of sediments that become incorporated into the mine water. Additional underground sumps are also planned to be constructed to further reduce the sediment load to the comet mine water treatment plant. Ore production is planned to resume to full production in the second half of 2012.

3.0 Mill Operations

Mill Operations are planned to be reduced by about 50% over the first six months of 2012. The mill is scheduled to run for two weeks and then be shut-down for two weeks for the first half of 2012. The mill is planned to resume full production in the second half of 2012. Construction of a tailings retention tank is planned to be conducted in the 1st half of 2012.

4.0 Tailings Treatment Facility

With the mill operations planned to be reduced by about 50% in the first half of 2012, the quantity of tailing conveyed to the tailings facility will also be reduced by about 50%. Paste Plant commissioning is planned to be completed in the 2^{nd} or 3^{rd} quarter of 2012 at which time the majority of the tailings will be conveyed to the paste plant for disposal into the underground workings.

Improvements are planned for the reclaim barge to facilitate accessing of the reclaim pumps for any future maintenance. Phase 2 embankment raise is also planned to be conducted in 2012. The down-stream raise will increase the elevation of the dam from 690 feet to 715 feet.

5.0 Access Corridors

Most access road and corridor upgrades were completed in 2006. Road maintenance of the access corridors will continue in 2012.

6.0 Reclamation

No final reclamation is anticipated to occur in 2012.

7.0 Proposed Modifications to Monitoring Plans for 2012

Modifications to the tailings treatment facility ecological monitoring plan is planned in 2012 to reflect comments received from the Forest Service and ADFG biologists.

8.0 Bonding

The Kensington Gold Project is currently bonded, including the tailings treatment facility, as described in the 2005 FSEIS and USFS Record of Decision. Bonding activities have been coordinated with US Forest Service as needed with each revision. An update to the current reclamation plan and associated cost estimate is expected to be finalized in 2^{nd} or 3^{rd} quarter of 2012.

Area	Description	Status 2011	Permitted Disturbance	Actual Disturbance -
		2011	Acreage – Total	Acreage- Total
1	Kensington Comet Beach Camp	Existing / Permitted	3.2	3.2
2	Kensington Access Road	Existing / Permitted	8.1	8.1
3	Kensington Borrow Pit #1	Not built	1.5	1.5
4	Kensington Development Rock Stockpile	Existing / Permitted	14.3	14.3
5	Kensington Water Treatment Plant & Ponds	Existing / Permitted	4.3	4.3
6	Kensington Snow / Topsoil Stockpile	Existing / Permitted	2.1	0
7	Kensington 2050 Level Portal Development Rock Storage	Existing / Permitted	1.5	1.5
8	Jualin Process Area	Built	12.9	16
8A	Jualin Avalanche Berms & Road	Not built	0	0
9/9A	Jualin Development Rock Storage	Mostly Built	4.3	8.1
10	Jualin Storm Water Treatment Pond	Built	1.5	1.7
11	Jualin Process Area Snow/Topsoil Stockpile Area	Built	0.3	0.5
12	Jualin Pumphouse	Built	0.1	0.1
13	Jualin Access Road	Existing / Built	33.8	31.2
14	Jualin Laydown #1	Built	0.4	0.7
15	Jualin Laydown #2	Built	3.5	3.7
16	Jualin Laydown #3	Built	0.8	0.5
17	Jualin Administration Area	Built	2.5	5.7
18	Jualin Pit Source #1	Built	2	3.5
19	Jualin Pit Source #2	Built	1.3	1.3
20	Jualin Pit #3	Built	12.3	12.1
21	Jualin Pit #4	Not built	0.7	0
22	LSL Tailings Pipeline & Access Road (Upper)	Built	7.4	7.4
23	LSL Tailings Facility Access Road (Lower)	Built	9.2	9.2
24	LSL Tailings Lake (tailings as fill)	Partially occupied	39.9	22.0
25	LSL Tailings Lake Margin Working Area	Partially occupied	17.9	18.6
26	LSL Tailings Dam Borrow Source	Partially built	4.6	4.9
27	LSL Tailings Pipeline Road (Mill to Snowslide Gulch)	Built	10.1	10.1
28	LSL Tailings Dam & Plunge Pool Area	Built	6.8	7.1

 Table 1 Kensington Gold Project – Surface Disturbance

Area	Description	Status 2008	Permitted Disturbance Acreage – Total	Actual Disturbance - Acreage- Total
29	Slate Creek Cove Marine Terminal	Built	1.9	0.9
30	Slate Creek Cove Snow/Stockpile Area	Built	0.2	0.2
31	Jualin Topsoil Stockpile	Built	0	0
32	Jualin Borrow Source #6	Partially built	0	3
33	Jualin Borrow Source #7	Built	0	1.6
36	Tailings Area Topsoil Stockpile	Not built	0	0
	TOTALS		209.4	201.9

Area	Description	Status 2011	Permitted Acres of Fill in Waters	Actual Waters of U.S. Acres Filled as of	Requested Acres of Total Fill in Waters	Fill Volume (Cubic Vards)	Acres to be Reclaimed
			2005 Permit Table 1	December 2011	of the U.S. 2009 update	Tarus)	or Waters
1	Kensington Comet Beach Camp	Existing / Permitted	0	0	0	0	NA
2	Kensington Access Road	Existing / Permitted	0.9	0	0	0	NA
3	Kensington Borrow Pit #1	Not built	0.3	0	0	0	NA
4	Kensington Development Rock Stockpile Expansion	Existing / Permitted	5.1	1.1	4.5	220,000	8
5	Kensington Water Treatment Plant & Ponds and Expansion Area	Existing / Permitted	2.6	2.9	3.5	85,000	3.5
6	Kensington Snow / Topsoil Stockpile	Existing / Permitted	2.1	0	2.1	10,000	2.1
7	Kensington 2050 Level Portal Dev. Rock Storage	Existing / Permitted	0	0	0	0	0
8	Jualin Process Area	Built	1.1	2.0	2.0	97,000	NA
8A	Jualin Avalanche Berms & Road	Not built		0	0.3	23,000	NA
9/9A	Jualin Development Rock Storage	Mostly Built	4.3	2.0	2.5	121,000	1.7
10	Jualin Storm Water Treatment Pond	Built	0	0.1	0.1	1,500	NA
11	Jualin Process Area Snow/Topsoil Stockpile	Built	0	0.2	0.2	3,000	0.6
12	Jualin Pumphouse	Built	0.1	0.1	0.1	1,500	NA
13	Jualin Access Road	Existing / Built	8.2	7.7	7.7	37,000	0.6
14	Jualin Laydown #1	Built	0.4	0	0	0	NA
15	Jualin Laydown #2	Built	3.5	0	0	0	NA
16	Jualin Laydown #3	Built	0.8	0	0	0	NA
17	Jualin Admin. Area	Built	2.5	0.1	0.1	1,500	2.5
18	Jualin Borrow Source #1	Built	0	0	0		0.2
19	Jualin Borrow Source #2	Built	0.1	1.1	1.1	10,500	
20	Jualin Borrow Source #3	Built	2.4	1.2	1.2	11,500	6.0
21	Jualin Borrow Source #4	Not built	0.7	0	0	0	NA

 Table 2 - Kensington Gold Project – Wetlands Disturbance

Area	Description	Status 2011	Permitted Acres of Fill in Waters of the U.S. per 2005 Permit Table 1	Actual Waters of U.S. Acres Filled as of December 2011	Requested Acres of Total Fill in Waters of the U.S. 2009 update	Fill Volume (Cubic Yards)	Acres to be Reclaimed as Wetlands or Waters
22	LSL Tailings Pipeline & Access Road (Upper)	Built	4.7	4.3	4.3	41,500	4.3
23	LSL Tailings Facility Access Road (Lower)	Built	0.3	1.3	1.4	13,500	2.8
24	LSL Tailings Lake (tailings as fill)	Partially Occupied	23.5	22.0	23.5	3,920,000	(23.5)
25	LSL Tailings Lake Margin Working Area	Partially occupied	8.5	10.9	10.9	500	8.7 (38.5)
26	LSL Tailings Dam Borrow Source	Partially built	0.3	0.3	0.3	3,000	0
27	LSL Tailings Pipeline Road (Mill to Snowslide Gulch)	Partially built	3.0	0.4	0.4	3,500	2.2
28	LSL Tailings Dam & Plunge Pool Area	Built	5.9	6.1	6.1	236,000	2.4
29	Slate Creek Cove Marine Terminal	Built	1.9	0.5	0.5	12,000	3.2
30	Slate Creek Cove Snow/Stockpile Area	Built	0.2	0	0	0	0.5
31	Jualin Topsoil Stockpile	Built		6.8	6.8	300,000	6.8
32	Jualin Borrow Source #6	Partially built		0.1	0.1	1,500	0
33	Jualin Borrow Source #7	Built		0.8	0		NA
34	Jualin Reclamation Material Area	Built	0	0	0	0	0
36	LSL Tailings Area Topsoil Stockpile	Not built		0	0.6	14,500	0.6
	TOTALS		83.4	72.0	80.3	5,168,500	110.0

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

ANNUAL SPILL LOG

FACILITY NAME, ADDRESS & Phone #: Coeur Alaska - Kensington Gold Mine, (907) 523-3337

REPORT MONTH/YR: 2011 Summary

Date of Spill	Time of Spill	Product Spilled	Quantity Spilled	Location of Spill	Cause of Spill or additional information	Area(s) Affected	Clean Up (Y/N)	Reported to State
1/10/11	12:45 AM	Diesel Fuel	10 Gallons	Potal Bench	A spill of 10 gallons of diesel fuel occurred on the Portal Bench as a result of the fuel return line becoming disconnected from the fuel tank on the 315 CAT excavator. Absorbent materials were utilized to clean-up the free product that was spilled and the contaminated soil was excavated at the spill site and moved to the bioremediation cell for disposal.	Land	Absorbent pads were utilized to clean-up the free product and the contaminated soil was excavated and moved to the bioremediation cell for disposal.	Yes, ADEC Spill Prevention and Response
1/23/11	5:30 PM	Diesel Fuel	3 Gallons	Mill Bench Adjacent to 30,000 Gallon Diesel Storage Tank	A spill of 3 gallons of diesel fuel occurred on Mill Bench as a result of the transfer pump located on the pony tank in the back of the pick-up truck being inadvertently turned on and pumping diesel fuel into the pick-up box which then flowed onto the ground.	Land	Absorbent pads were utilized to clean-up the spilled material.	Yes, ADEC Spill Prevention and Response Monthly Report
2/27/11	1:00 PM	Hydraulic Oil	5 Gallons	Potal Bench	A spill of approximatey 5 gallons of hydraulic oil occurred on the Portal Bench as a result of a mechanical failure on an O-ring for a filter on a AD45 Cat Haul Truck. Absorbent materials were utilized to clean-up the free product that was spilled and the contaminated soil was excavated at the spill site and moved to the bioremediation cell for disposal.	Land	Absorbent pads were utilized to clean-up the free product and the contaminated soil was excavated and moved to the bioremediation cell for disposal.	Yes, ADEC Spill Prevention and Response Monthly Report
3/21/11	7:00 PM	Diesel Fuel	2 Gallons	Potal Bench	A spill of approximatey 2 gallons of diesel fuel occurred on the Portal Bench as a result of a leaking fuel line on a AD45 Cat Haul Truck. Absorbent materials were utilized to clean-up the free product that was spilled and contaminated soil was excavated at the spill site and moved to the bioremediation cell for disposal.	Land	Absorbent pads were utilized to clean-up the free product and the contaminated soil was excavated and moved to the bioremediation cell for disposal.	Yes, ADEC Spill Prevention and Response Monthly Report
7/16/11	7:30 PM	Diesel	3.5 gallons	Adjacent to the fueling station located on mill bench	Employee was re-fueling site grader and left the fueling operation unattended. The fuel tank became over-filled causing a spill of diesel onto the ground	South end of concrete fueling containm ent area	Yes, adsorbent pads were utilized to clean up the spilled diesel fuel	Yes, ADEC Spill Prevention and Response Monthly Report
8/1/11	13:30	Diesel	5 gallons	Underground workings adjacent to 840 work area	Mechanic was driving fuel truck when a splashing fuel noise was noticed and the mechanic pulled over and identified that there was a blown fuel hose which caused approximately 5 gallons of diesel fuel to be spilled onto the ground.	Undergro und 840 work area	Yes, adsorbent pads were utilized to clean up the spilled diesel fuel	Yes, Monthly Report

Date of	Time of		Quantity	Location of		Area(s)	Clean Up (Y/N)	Reported to State
Spill	Spill	Product Spilled	Spilled	Spill	Cause of Spill or additional information	Affected		
8/1/11	11:10	Grey Water Sewage	150 Gallons	Port Area	R&S pumping was transferring grey water	Port Area	Yes, utilized pumper truck to clean-up spilled material & disinfected entire area with chlorine solution.	Yes, Vebally reported to ADEC & Follow-up Report
11/4/2011	7:00 AM	Transmission Oil	8 Gallons	Portal Bench	The driveline on a underground loader broke which knocked a hole in the transmission causing transmission oil to be spilled onto the ground.	Portal Bench	Yes, Adsorbent pads and Booms were utilized to clean-up the spilled transmission oil. The contaminated gravel was excavated and placed into drums. The contaminated material will be placed into the site bio-cell in the spring.	Yes, Monthly Report
11/17/11	6:30 AM	Hydraulic Oil	15 Gallons	Underground workings	The right side hydraulic cylinder broke on a underground loader causing hydraulic oil to be spilled onto the rock surface of the undergound workings	Under- ground	Yes, Adsorbent pads and Booms were utilized to clean-up the	Yes, Verbally reported on 11-21-11
11/26/11	8:00 AM	Hydraulic Oil	<2 Gallons	Portal Bench Ore Pad	The Hydraulic fitting on the excavator came loose spilling hydraulic oil onto the ground.	Portal Bench	Yes, Adsorbent pads were utilized to clean- up the spilled hydraulic oil	Yes, Monthly Report
12/6/2011	11:30 AM	Hydraulic Oil	7 Gallons	Slate Cove Port Laydown area - Adjacent to the Fuel	The hydraulic hose on the Port Forklift broke resulting in hydraulic oil being spilled onto the ground. A faulty hydraulic fitting was the cause of the hydraulic hose breakage.	Slate Cove Port Laydown Area	Yes, Adsorbent pads were utilized to clean- up the spilled hydraulic oil. All of the spilled oil was cleaned-up utilizing	Yes, Monthly Report
12/21/11	12:00 PM	Hydraulic Oil	1 Gallon	Slate Cove Port Laydown area	The hydraulic hose on the Port Forklift broke resulting in hydraulic oil being spilled onto the ground. A faulty hydraulic fitting was the cause of the hydraulic hose breakage.	Slate Cove Port Laydown Area	Yes, Adsorbent pads were utilized to clean- up the spilled hydraulic oil. All of the spilled oil was cleaned-up utilizing the adsorbent pads. The	Yes, Monthly Report

Table 4

2011 Development Rock MWMP Results	TDS (mg/L)	pH	NH ₃ (mg/L)	Al (ug/L)	Ar (ug/L)	Cd (ug/L)	Cr (ug/L)	Cu (ug/L)	Fe (ug/L)	Pb (ug/L)	Hg (ug/L)	Ni (ug/L)	Se (ug/L)	Ag (ug/L)	Zn (ug/L)
Jualin Development Rock 1st Quarter	1.66	8.29	11.9	205	ND	ND	0.5	1.7	ND	0.12	ND	0.05	ND	ND	ND
Jualin Development Rock 2nd Quarter															
Jualin Development Rock 3rd Quarter															
Jualin Development Rock 4th Quarter	392	8.21	0.61	319	ND										
Comet Development Rock 1st Quarter															
Comet Development Rock 2nd Quarter															
Comet Development Rock 3rd Quarter															
Comet Development Rock 4th Quarter	348	8.37	0.951	340	ND										

Note(s): a.) No Development Rock was placed on the Surface in the 2nd or 3rd quarter of 2011

b.) No Development Rock was placed on the Comet Development Rock Stockpile in the 1st Quarter of 2011

	Sulfur,	Sulfur Forms (A	Sulfur Forms (Acid Extractable and Non-extractable			Neutralization	Acid - Base
2011 Development Rock ABA Results	Total		Sulfur) 3.2.6		Potential	Potential	Accounting
	3.2.4	Sulfate	Pyritic	Non-extractable	1.3.1	3.2.3	1.3.1
	wt%	wt%	wt%	wt%	t CaCO3/1000t	t CaCO3/1000t	t CaCO3/1000t
Jualin Development Rock 1st Quarter	0.01	0.01	< 0.01	< 0.01	0	102	102
Jualin Development Rock 2nd Quarter							
Jualin Development Rock 3rd Quarter							
Jualin Development Rock 4th Quarter	0.26	0.06	0.15	0.05	4.6	61.5	56.9
Comet Development Rock 1st Quarter							
Comet Development Rock 2nd Quarter							
Comet Development Rock 3rd Quarter							
Comet Development Rock 4th Quarter	0.2	0.1	0.06	0.05	1.7	84.9	83.2

Note(s): a.) No Development Rock was placed on the Surface in the 2nd or 3rd quarter of 2011 b.) No Development Rock was placed on the Comet Development Rock Stockpile in the 1st Quarter of 2011

Table	e 5
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					Tab	ole 5								
2011 Tails MWMP Results	pН	NH ₃ (mg/L)	Al (ug/L)	Ar (ug/L)	Cd (ug/L)	Cr (ug/L)	Cu (ug/L)	Fe (ug/L)	Pb (ug/L)	Hg (ug/L)	Ni (ug/L)	Se (ug/L)	Ag (ug/L)	Zn (ug/L)
Tails 1st Quarter	7.75	1.78	43.8	ND	0.04	ND	1.7	ND	0.07	ND	2.2	ND	ND	4.0
Tails 2nd Quarter	7.91	1.40	45.8	ND	ND	ND	2.2	ND	0.07	ND	ND	ND	ND	4.3
Tails 3rd Quarter	7.85	1.10	ND	ND	ND	ND	12	ND						
Tails 4th Quarter	8.02	0.85	ND											
		•												

2011 Tails ABA Results	Sulfur,	Sulfur Forms (A	Acid Extracta	ble and Non-	Acid	Neutralizati on	Acid - Base
	Total	extract	able Sulfur) 3	3.2.6	Potential	Potential	Accounting
	3.2.4	Sulfate	Pyritic	Non- extractable	1.3.1	3.2.3	1.3.1
	wt%	wt%	wt%	wt%	t CaCO3/1000t	t CaCO3/1000t	t CaCO3/1000t
Tails 1st Quarter	0.3	0.03	0.26	0.01	9	134	125
Tails 2nd Quarter	0.12	0.03	0.09	< 0.01	4	127	123
Tails 3rd Quarter	0.06	0.06	ND	ND	ND	83.2	83.2
Tails 4th Quarter	0.04	0.04	ND	ND	ND	80.7	80.7





















Attachment 1

Marine Mammal Report - 2011

Attachment 2

Wildlife Monitoring - 2011