



File Code: 2840

Date: May 3, 2013

Kevin Eppers
Environmental Manager
Coeur Alaska - Kensington Gold Mine
3031 Clinton Drive, Suite 202
Juneau, AK 99801

Dear Mr. Eppers:

Thank you for the final version of the *2013 Reclamation and Closure Plan Update for the Kensington Gold Project, Borough of Juneau, Alaska*, dated April 2013 and submitted to the Forest Service and State of Alaska on April 29, 2013. I have completed my review of the proposed Reclamation Plan and accompanying reclamation cost estimate, in cooperation with the State of Alaska Departments of Natural Resources and Environmental Conservation. The Reclamation Plan and reclamation cost calculations are in conformance with Forest Service guidance for reclamation bond estimation and are therefore acceptable. This letter serves as my approval of both the Reclamation Plan and reclamation cost estimate. These updated plans are considered amendments to the Plan of Operations and will be incorporated as such. Further amendments or changes are subject to review and approval by the Forest Service.

According to MOU 12-MU-11100500-043 signed by the Forest Service and the State of Alaska Departments of Natural Resources and Environmental Conservation, the Forest Service shall continue to hold the mechanism providing financial assurance of reclamation in case of Coeur Alaska's inability to perform the reclamation tasks as laid out in the approved Reclamation Plan. Therefore, please submit an appropriate financial guarantee in the amount of \$28,727,011 within 60 days of receipt of this letter. As we agreed in our meeting on April 26, 2013, we will contact you for an update on the progress of securing the financial guarantee on June 3.

Included in this amount is a lump sum of \$695,000, which the Forest Service will hold until a Long Term Care and Maintenance (LTCM) plan and cost estimate is approved. The LTCM cost estimate will then be used to establish a mechanism to fund the inspection, maintenance, and monitoring of the Tailings Treatment Facility dam and roads in perpetuity. Once the LTCM mechanism is established to the satisfaction of the Forest Service and State of Alaska, the amount of the short-term reclamation assurance may be reduced by the lump sum of \$695,000. In any event, the LTCM mechanism must be established prior to construction of the Stage 3 dam raise.

We will work with you to review the Reclamation Plan and cost estimate by June 30, 2016, within the three year time frame agreed to in our correspondence dated July 1, 2005, or prior to the construction of the Stage 3 Dam raise, whichever occurs first.



If you have questions or concerns, please contact me at 907-228-6200 or Sarah Samuelson at 907-789-6274 or ssamuelson@fs.fed.us.

Sincerely,



FORREST COLE
Forest Supervisor

cc: Jessica Lopez Pearce, Marti Marshall, Kyle Moselle, Jeff Gabardi