



March 11, 2008

Alexco Resource Corp.  
#2 Calcite Business Centre  
151 Industrial Road  
Whitehorse, YT Y1A 2V3

**RE: Water Use Application QZ07-078 Kino Hill Mines – request for information/clarification**

A review of the above noted application has shown the need for additional information and/or clarification on the following items:

1. The application indicates that the new settling ponds proposed at Bellekeno East will contain liners.
  - a) The design drawing (Fig 2-5) does not show liners for these ponds. Please update the design drawing to include the liners.
  - b) Please submit specifications for the liners.
2. The design drawing (Fig 2-5) for the settling ponds does show the presence of “rip rap”, yet details on “rip rap” have not been provided in the application. Please provide a description of the source, size, quantity and composition of the material to be used.
3. There is reference to a number of culverts that will be installed as part of this project, including a pair of culverts of 2200 mm and 600 mm diameter where the road crosses Thunder Creek (Fig 2-2). Any culverts that meet the criteria of column 3, schedule 7 of the Waters regulation, need to be included in the application for licensing purposes. For all culverts meeting this criteria please complete item 33 of the information sheet and submit any information requested in this section including design drawings in plan and profile. Where culverts are not to be included in the application, please provide an explanation.
4. An ammonia discharge standard has been provided for the Bellekeno East Portal settling ponds. The application states that where the discharge standards are not met, the wastewater will be piped for further treatment to the existing treatment facilities at Bellekeno 625, that are authorized under QZ06-074. Licence QZ06-074 does not include discharge standards for ammonia. Please contact Water Inspection at 667-3227 to determine if;
  - a) QZ06-074 will require an amendment to allow wastewater from the Bellekeno East Portal to be directed to Bellekeno 625 for treatment and,
  - b) QZ06-074 will require an amendment to include an ammonia discharge standard. Please inform the Water Board of the outcome of these discussions.

5. A number of existing workings on the project site that are authorized under QZ06-074 have also been referenced in the application as part of this project, including the existing Bellekeno 625 Adit, existing Bellekeno settling ponds and the sludge storage area. Please submit a signed written agreement from Elsa Reclamation and Development Co. Ltd., allowing Alexco to utilize existing structures for the advanced exploration project for the duration of the proposed term of the licence.
6. While a discharge standard for ammonia has been specified, ammonia has not been included in the monitoring program. Please update the monitoring program to include ammonia and provide an updated program for the application.
7. Dewatering flow rates have been provided for the new decline. Once the initial dewatering is complete, it is indicated that treatment will continue at the current treatment flow rates.
  - a) Please indicate what these flow rates are and how you have derived at them.
  - b) Please update Schedule 4, section 5, to include the dewatering amount in the quantity of water to be used per day.
8. It is unclear how the proposed soil cap over the waste rock in the Onek Pit will control AML. Details regarding the nature of the soil cap or its permeability have not been provided.
  - a) Please submit a design drawing for the soil cap.
  - b) Provide details on the type of soil that will be used for the cap, the source of the soil, the permeability of the soil and how it will prevent AML.
  - c) Also provide details on how the pit will be monitored.
9. The Waste Rock Management Plan refers to the installation of lysimeters, yet this does not appear in the proposed monitoring plan. Please explain or provide an updated monitoring plan.
10. Reference is made to a sludge management plan that will be developed under QZ06-074.
  - a) Please explain why this plan has not been included with this application.
  - b) If the plan is not ready, please indicate an approximate time of when you anticipate the plan to be ready.
  - c) Please contact Water Inspections to determine if QZ06-074 requires an amendment for the sludge management plan to include this project and inform the Water Board of the outcome of the discussion.
11. In the Waste Rock Management Plan you indicate that a visual estimate technique will be used to determine the percentage of sphalerite, salena and pyrite. Please provide more details on this technique and how it will ensure that the ores/rocks will be separated/grouped appropriately.

12. In the project schedule there appears to be some overlap of timelines. Please confirm that there will not be any permitting activities occurring prior to the issuance of the licence.
13. When the *Yukon Environmental and Socio-economic Assessment Act* (YESAA) review process is completed, the Government Decision Body will provide you with a copy of the Decision Document. Please review the Decision Document. If your project has not changed as a result of the YESAA process, and there is no new information that should be included in your application, please complete the Project Confirmation Form that was previously sent to you and return it to this office. If your project has changed as a result of the YESAA process, it is your responsibility to ensure that the Water Board has accurate information pertaining to your project at the time you submit your completed Project Confirmation Form.

As soon as the Water Board office receives your completed Project Confirmation Form and any additional information that you may provide, I will obtain a copy of the Decision Document. The Decision Document will be included in the register with your application and I will continue to process your application.

If you have any questions regarding this matter please call me at 456-3980.

Sincerely,



Angela Wheeler  
Licensing Officer

cc Dan Cornett  
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Government of Yukon  
Environment  
Water Inspections Section  
Box 2703  
Whitehorse, YT Y1A 2C6  
Attention: Rob Savard, Manager