

Kensington Gold Mine **Project**

Reclamation Plan Approval

DEPARTMENT OF NATURAL RESOURCES
Division of Mining, Land and Water

June 3, 2005

The Alaska Department of Natural Resources, Division of Mining, Land and Water (DNR), in accordance with and subject to Alaska Statutes 27.19 (Reclamation) and 38.05 (Alaska Land Act) and the Alaska Administrative Code, Title 11 and Chapter 97 (Mining Reclamation), approves the Reclamation Plan for the Kensington Gold Mine Project submitted by:

Coeur Alaska, Inc
3031 Clinton Dr. Suite 202
Juneau, AK 99801

The Reclamation Plan is considered to consist of Appendix 1 of the Kensington Gold Project Final Plan of Operations, dated May 2005. The Reclamation Plan applies to both private lands and lands managed by the United States Forest Service (USFS).

Effective dates of this plan approval are **June 3, 2005 through June 3, 2011**, unless sooner revoked for cause; however, Coeur Alaska's obligations under the terms and conditions of this plan approval shall continue, unless sooner terminated in accordance with the provisions of this plan approval, until completion of all requirements under and pursuant to the Plan of Operations.

This plan approval does not constitute certification of any property right or land status claimed by the applicant.

The Reclamation Plan was found to be complete and is approved by DNR with the following conditions:

Financial Assurance. This Reclamation Plan Approval does not take effect until Coeur Alaska submits a financial assurance in a form and substance approved by DNR and the USFS. The financial assurance shall not be released until all affected areas have been reclaimed and are approved by the Authorized Officer and the USFS, and all other terms of this plan of operations are met. Modifications to this Reclamation Plan may, at DNR's discretion, require bond review and update. The total financial assurance of **\$7,354,015.00** has been accepted for the Kensington Gold Project, with the conditions that the financial assurance amount be reviewed prior to construction of the Tailings Storage Facility dam to determine if premature closure of the dam at Stage I or Stage II would change the closure cost estimate, and also that the financial assurance be reviewed as part of the Reclamation Plan update scheduled for 2008.

Terms of this Plan Approval. The Terms and Conditions contained within the Reclamation Plan (May 2005) are hereby included as stipulations of this Plan Approval. If there is a difference between the Reclamation Plan as submitted and the terms contained within this Plan Approval, the terms contained within this Plan Approval take precedence.

The Authorized Officer for DNR is the Director of the Division of Mining, Land and Water or his designee. The Authorized Officer may be contacted at 550 West 7th Avenue, Suite 900D, Anchorage, AK 99501-3577, telephone (907) 269-8621, and fax (907) 269-8930 or at tom_crafford@dnr.state.ak.us. Coeur Alaska will be notified of changes to the authorized officer as needed.

Monitoring Plan. Monitoring results obtained during a reporting period shall be summarized and reported to the Authorized Officer quarterly, on or before the 15th day of the month following the quarter, in an electronic format acceptable to DNR. Electronic copies should also be sent to ADNR (Carl Schrader at Carl_Schrader@dnr.state.ak.us). Amendments to this distribution list will be provided to Coeur Alaska as needed.

As-Built Maps. Coeur Alaska shall submit to ADNR an annual “as built” map illustrating the current development of all project facilities. The plan maps shall show cleared and grubbed areas; growth medium stockpiles; roads; waste rock dump development; material site development; and facility construction. Maps shall be both in a digital format and hard copy at 1”=500’ or other appropriate scale necessary to review the development of individual facilities.

Inspection and Entry. Coeur Alaska shall permit authorized representatives of DNR and DEC to enter into and upon the area and facilities covered under this plan approval at all reasonable times without notice for the purpose of inspecting the area and activities covered under this plan approval. Said inspections shall be subject to such safety and security procedures as Coeur Alaska may from time to time adopt.

At any time upon DNR’s written request, Coeur Alaska shall promptly make any and all records, documents, or other information required to be kept or maintained by law, regulation, ordinance or this plan approval available to DNR for inspection and copying as reasonably required by DNR to determine if Coeur Alaska is in compliance with local, state and federal laws applicable to the operations authorized under this plan approval.

Environmental Audit. A third-party environmental audit shall be conducted every six years (and prior to final closure, unless otherwise approved by DNR and the USFS). This audit will include all aspects of the project, including access roads, material sites, waste rock storage facilities, and the tailings storage facility. The third-party contractor should be mutually agreed on by the State, USFS, and Coeur Alaska, but in the event that agreement cannot be reached, the State and USFS retains the final selection decision. Costs for the third-party environmental audit shall be borne by

Coeur Alaska. The environmental audit shall include an evaluation of the adequacy of the reclamation financial sureties.

Violations. This authorization is revocable immediately upon violation of any of its terms, conditions, stipulations, or upon failure to comply with any other applicable laws, statutes and regulations (federal and State).

Assignment. This plan approval may be transferred or assigned with prior written approval from DNR. DNR will only disapprove a transfer with good cause and will evaluate whether the proposed assignee (1) is qualified to acquire all other permits and authorizations necessary to conduct operations under the plan; (2) is on notice of default or subject to an enforcement action by any state agency on any lease, reclamation bond, or other permit within the state. Any assignee must commit in writing to be bound by this plan approval to the same extent as Coeur Alaska, and must provide to DNR all proofs of bonds, or undertakings required by this plan approval. Transfer of this plan approval may, at DNR's discretion, require bond review and update.

Other Authorizations. The issuance of this authorization does not alleviate the necessity of Coeur Alaska to obtain authorizations required by other agencies for this activity.

Valid Existing Rights. This authorization is subject to all valid existing rights in and to the land under this authorization. The State of Alaska makes no representations or warranties whatsoever, either expressed or implied, as to the existence, number, or nature of such valid existing rights.

Change of Address. Any change of address must be submitted in writing to the Authorized Officer.

Modifications. Any request for modification of the plan of operations and any other affected permits or authorizations must be made by written application to DNR. Amendments to the Reclamation Plan may, at the discretion of DNR, require bond review and update.

Statutes and Regulations. This plan approval is subject to all applicable state and federal statutes, including state, federal, and any local statutes and ordinances in effect on the effective date of this plan approval, new statutes, regulations, and

ordinances enacted or promulgated after said effective date, and changes to existing statutes and regulations made after the effective date, to the extent constitutionally permissible.

Severability. If any clause or provision herein contained shall be adjudicated to be invalid, it shall not affect the validity or effect of any other clause or provision of this plan approval, nor constitute any cause of action in favor of either Coeur Alaska or DNR as against the other.

Commencement of permitted activities will be considered an acceptance by Coeur Alaska of these special stipulations.

Approved:  _____

June 3, 2005
Date