



2012 MINE WALL TESTING PLAN

March 2013

TABLE OF CONTENTS

1 INTRODUCTION.....	1
2 METHODS	2
3 RESULTS	3
3.1 CALCIUM CORRELATION	3
3.2 SULPHUR CORRELATION	4
3.3 LEAD CORRELATION.....	5
3.4 ZINC CORRELATION	6
3.5 NP:MPA CORRELATION	7
4 DISCUSSION	8
5 RECOMMENDATIONS.....	10

LIST OF TABLES

Table 1 Calcium Statistics	3
Table 2 Sulphur Statistics.....	4
Table 3 Lead Statistics	5
Table 4 Zinc Statistics.....	6
Table 5 NP:MPA Statistics.....	7
Table 6 Annual Mean Pb/Zn Values.....	8

LIST OF FIGURES

Figure 1 Ca % Comparison	3
Figure 2 S % Comparison	4
Figure 3 Pb ppm Comparison	5
Figure 4 Zn ppm Comparison.....	6
Figure 5 NP:MPA Comparison	7

LIST OF APPENDICES

APPENDIX A 2012 MINE WALL SAMPLES

1 INTRODUCTION

Mine wall testing was undertaken for underground development completed during 2012 in accordance to the Mine Wall Testing Plan submitted in 2008 under the Water Use Licence QZ07-078. The sampling was done in a systematic way by a team of Alexco Resource Corp. geologists. The sampling was done every 10 linear meters of development and the samples were analyzed with ICP OES by ALS Chemex Labs out of Vancouver, B.C. One sample every 40 linear meters was also analyzed with Acid Base Accounting (ABA) using the lab procedures outlined in the Mine Wall Testing Plan. A total of 39 samples were taken. All of the 39 samples were analyzed with ICP OES and 11 of these samples were also analyzed with ABA.

2 METHODS

The method of sampling selected by the team of geologists was a linear chip sample along one of the ribs (mine wall). Prior to sampling, the mine walls were washed down with water to limit the effects of contamination. These samples varied in that they were taken perpendicular to the orientation of the metamorphic fabric to best represent what the geochemical characteristics of the excavated mine wall are. These samples were an average of 4kg.

Sample locations were measured from underground survey points and marked on the mine wall with spray paint. All data was recorded into a database and sample locations were also recorded into an Auto-Cad drawing of the mine.

The mine wall samples were graphed and compared to the composite samples from the Waste Rock Management Plan (WRMP) taken during excavation in order to assess what, if any, geochemical changes have occurred within the rocks and if those changes can lead to a prediction of the long-term geochemical rock characterization.

The sampling method of the samples taken for the Waste Rock Management Plan (WRMP) is outlined in Water Use Licence QZ07-078 along with the compositing procedures and schedule. The composites generally represent 10-12m of linear development and are comprised of multiple samples taken during the excavation. For each ~10m representing a composite sample, a Correlation ID was assigned to that sample. Due to the variability of these composites lengths, a 1:1 comparison is difficult between this data set (WRMP) and the Mine Wall Testing Plan (MWTP) data set. In cases where no MWTP samples fell within the area of the composite sample, no Correlation ID was assigned to that sample. There was an average of 1.5 MWTP samples for every WRMP composite sample. In some cases more than one MWTP sample was correlated to an individual WRMP composite sample due to the spacial overlap of the samples. In the analysis of geochemical data in this report, WRMP composite samples that paired two MWTP samples were treated as two separate samples to more accurately weight the composites. Due to a lab omission, ICP data was not available for three of the WRMP samples, however the ABA data and S% (Leco) was substituted in place of the S% (ICP).

Due to the infrequency of ABA analysis on both data sets, there were 7 sets of samples that directly correlate the acid base accounting characteristics over time.

3 RESULTS

3.1 CALCIUM CORRELATION

Calcium correlation between MWTP samples and WRMP samples as shown in Figure 1 do not vary significantly between the two datasets indicating there is very little change in the neutralizing potential of the excavated mine workings over a 6-9 month period. Several individual WRMP composite samples have been correlated to multiple MWTP samples. Table 1 shows the summary statistics of the two calcium (ICP) datasets. Both datasets have a mean/median value > 0.75%. The mean value of calcium decreased over the lag time by 0.2%.

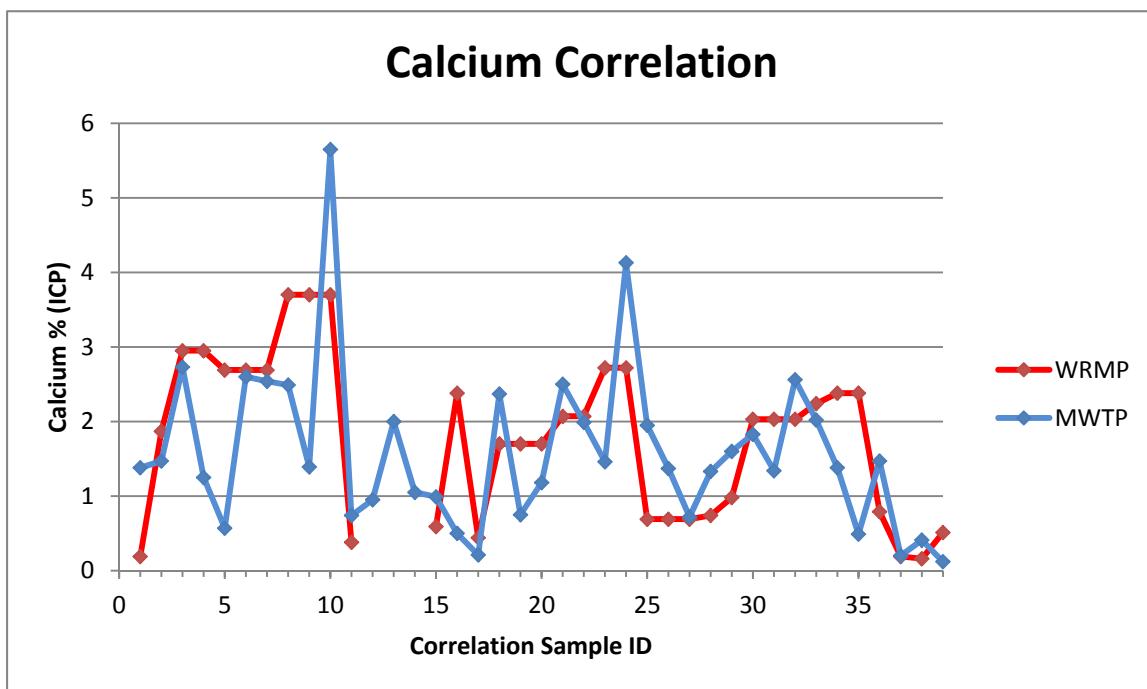


Figure 1 Ca % Comparison

Table 1 Calcium Statistics

Ca % MWTP 2012		Ca % WRMP 2012	
Mean	1.58	Mean	1.78
Median	1.38	Median	2.03
Standard Deviation	1.09	Standard Deviation	1.08
Range	5.53	Range	3.54
Minimum	0.12	Minimum	0.16
Maximum	5.65	Maximum	3.70
# of samples	39	# of samples	36

3.2 SULPHUR CORRELATION

A comparison of sulphur between the MWTP samples and the WRMP samples as shown in Figure 2 shows the correlation between the two datasets and the change in the maximum acid generating potential of the excavated mine workings over a 6-9 month period. Table 2 shows the summary statistics for the two sulphur (ICP) datasets. Both datasets have a mean/median value <1.5%. The change in the mean value of sulphur over the 6-9 month lag time was -10%. Four samples in the MWTP dataset has an S% >1.5% and can be classified as P-AML based on sulphur alone. These section of underground workings was previously classified as P-AML based on the geochemical criteria in the WRMP. The higher variability of sulphur in the MWTP dataset is most likely due to point sampling along the walls as opposed to a compositing of several samples which would tend to smooth out the variability amongst individual samples.

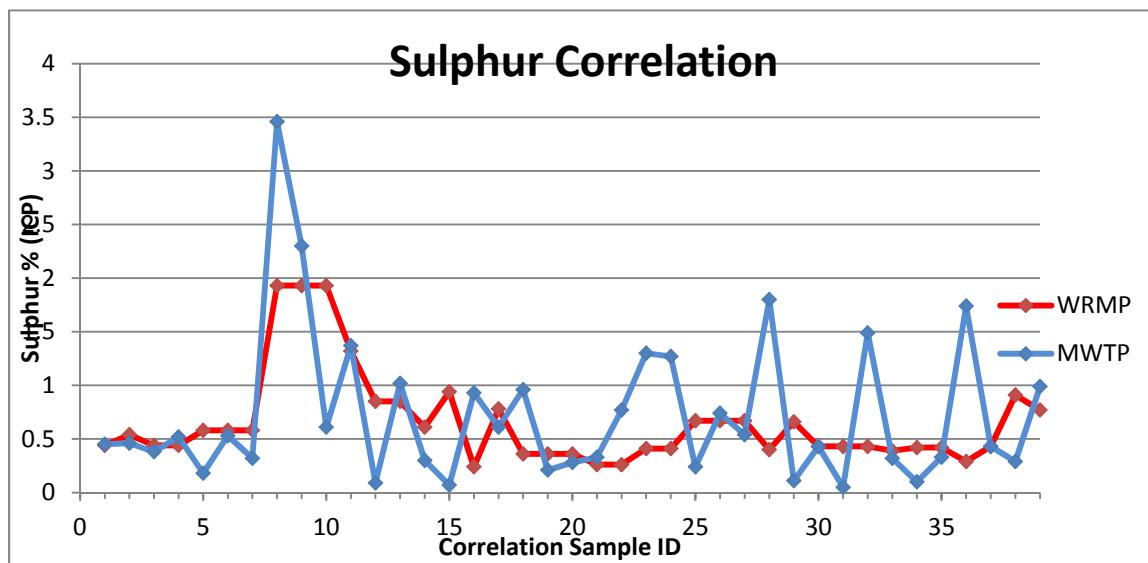


Figure 2 S % Comparison

Table 2 Sulphur Statistics

S % MWTP 2012		S % WRMP 2012	
Mean	0.73	Mean	0.65
Median	0.46	Median	0.44
Standard Deviation	0.70	Standard Deviation	0.43
Range	3.41	Range	1.69
Minimum	0.05	Minimum	0.24
Maximum	3.46	Maximum	1.93
# of samples	39	# of samples	39

3.3 LEAD CORRELATION

A comparison of the lead values in the MWTP and WRMP samples shows a much closer correlation than in the 2011 data. Figure 3 is a log plot of the lead values for both datasets. There is a general trend showing similarly elevated levels of lead in both corresponding datasets corresponding to development in accesses directly adjacent to the mineralized vein. In 10 of 36 samples the MWTP dataset is higher than the WRMP samples. The mean lead values for the WRMP samples as shown in Table 3 are 2.7 times higher than the MWTP samples. This is the opposite relationship between the datasets than was seen in 2011, where the MWTP samples were 3.3 times higher than the WRMP samples.

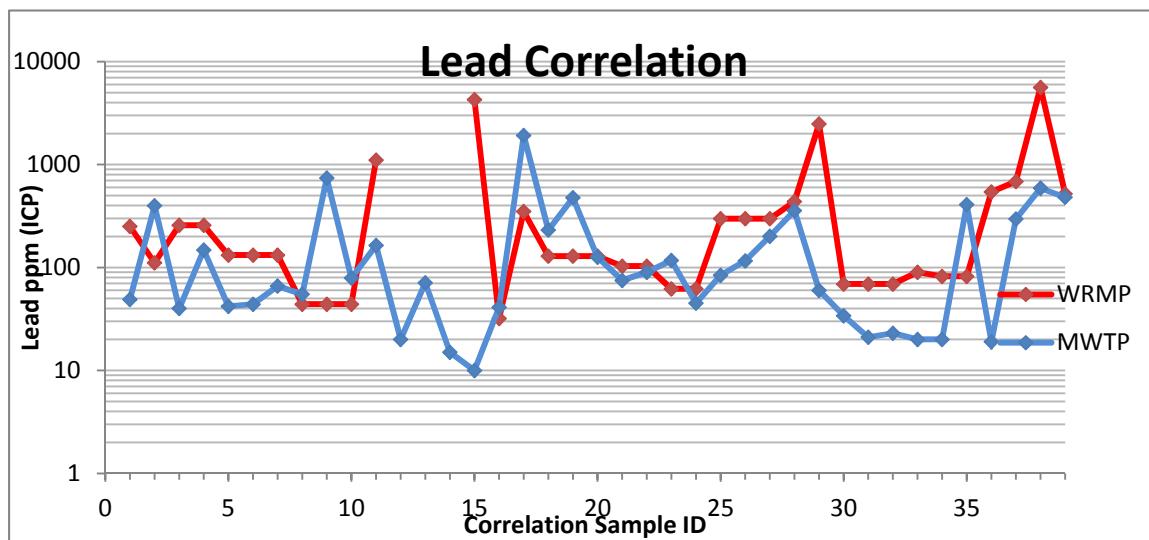


Figure 3 Pb ppm Comparison

Table 3 Lead Statistics

Pb ppm MWTP 2012		Pb ppm WRMP 2012	
Mean	200	Mean	542
Standard Error	54	Standard Error	196
Median	75	Median	131
Standard Deviation	335	Standard Deviation	1178
Range	1910	Range	5578
Minimum	10	Minimum	32
Maximum	1920	Maximum	5610
# of samples	39	# of samples	36

3.4 ZINC CORRELATION

Similar to the lead correlation, the zinc MWTP samples also shows a good correlation to the corresponding WRMP samples (Figure 4). The mean value of the WRMP samples is 1.6 times higher than the MWTP samples (Table 4). Again, this is opposite to the 2011 dataset where the mean zinc value of MWTP samples was 1.2 times higher than the mean WRMP samples.

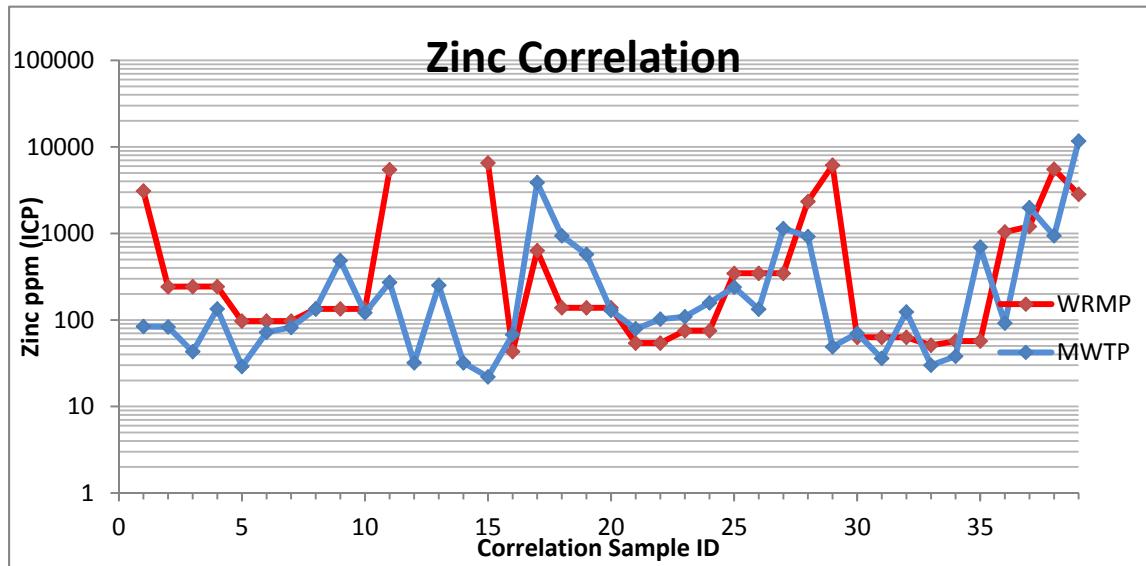


Figure 4 Zn ppm Comparison

Table 4 Zinc Statistics

Zn ppm MWTP 2012		Zn ppm WRMP 2012	
Mean	669	Mean	1063
Standard Error	311	Standard Error	316
Median	121	Median	138
Standard Deviation	1945	Standard Deviation	1898
Range	11678	Range	6467
Minimum	22	Minimum	43
Maximum	11700	Maximum	6510
# of samples	39	# of samples	36

3.5 NP:MPA CORRELATION

ABA analysis of the two datasets had 7 correlative sets of MWTP and WRMP sample pairs. 3 of the 7 samples show a decrease in the NP:MPA ratio over the 6-9 month time lag (Figure 5), however this is most likely due to variability in the samples rather than a chemical reaction of oxidation and neutralization. There was an increase of 0.48% in the mean calcium value of the MWTP samples and an increase of 0.1% in the mean sulphur value of the MWTP (Table 5).

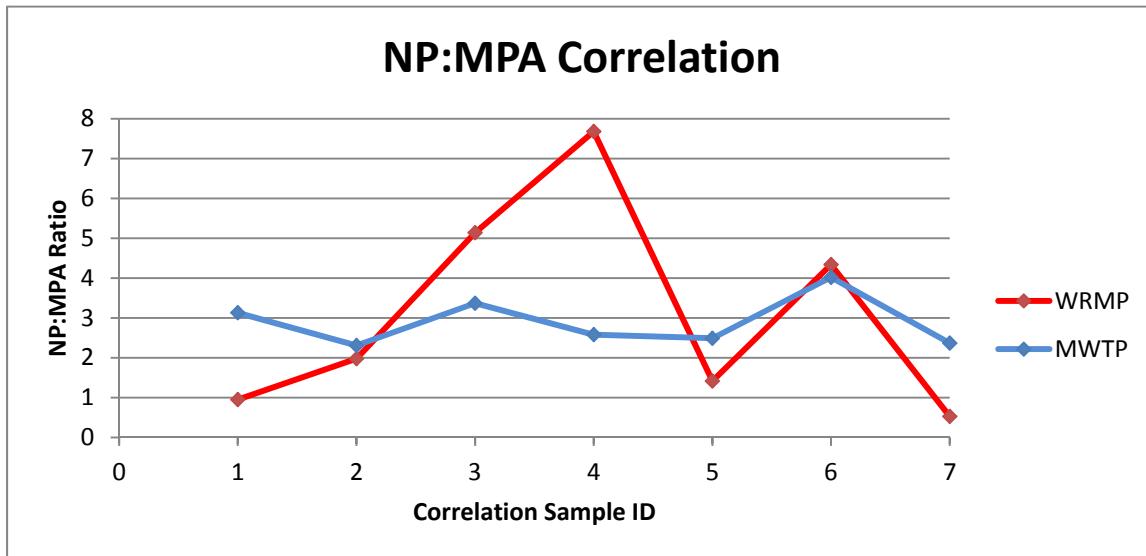


Figure 5 NP:MPA Comparison

Table 5 NP:MPA Statistics

Category	MWTP	WRMP
Mean NP:MPA	2.895	3.15
Mean Ca%	1.621	1.14
Mean S%	0.666	0.56
# of samples	7	7

4 DISCUSSION

The comparison of the geochemical data collected from the two datasets works well for Pb and Zn since each composite or sample was routinely analyzed using ICP. The comparison of NP:MPA ratio is much more problematic due to the slightly differing frequencies of ABA analysis that was conducted on each sample set. The increase in the mean S% value and the mean Ca% value in the MWTP samples indicates that the variability between the two sample sets are too great to gain statistical insight into any changes in the NP:MPA ratio over time.

Table 6 Annual Mean Pb/Zn Values

Sample Dataset	Mean Pb (ppm)	Mean Zn (ppm)
2010 WRMP	15	86
2010 MWTP	149	216
2011 WRMP	119	407
2011 MWTP	395	463
2012 WRMP	542	1063
2012 MWTP	200	669

Data collected supports the visible observation that there is no significant change in the acid generating potential of the mine wall exposed during excavation over a 6-9 month lag time, most importantly oxidation. Analysis of the datasets shows no change in several key indicators in which oxidation and delayed onset of PAG characteristics would manifest as. Expected trends of oxidation and delayed onset of PAG characteristics would include:

- (a) Change in speciation of sulphur from sulphide to sulphate.
- (b) Decrease in Ca% via carbonate flushing or oxidation/neutralization
- (c) Decrease in NP:MPA ratio
- (d) Decrease in paste pH
- (e) Decrease in metals (Zn, Pb, Ag) due to metal leaching

Both the Ca% and the S% indicated that there are very minor changes occurring which are most likely due to the different sampling frequencies and type of sampling between the MWTP and the WRMP. There is not enough ABA data available to see any trends developing between the NP:MPA ratio.

There were several areas within the mine where wall sampling could not be conducted due to shotcrete application for additional ground support. These areas were typically areas where graphitic schist packages were encountered and areas directly adjacent to the mineralized vein fault.

As discussed in the 2012 Waste Rock Management Plan, the contamination of samples which was seen in 2011 has been reduced and mitigated. Ongoing monitoring and refinements to the sampling procedures and preparation procedures will continue.

5 RECOMMENDATIONS

Due to the results obtained in 2009-2012 and a full review of the data collected, it is recommended that changes to the Mine Wall Testing Plan should be made. The proposed changes would consist of:

- (1) Additional testing of samples taken in the WRMP sampling program which would consist of kinetic testing of crushed reject portion of the sample in a field barrel. Quarterly samples of the leachate collected from the field barrel tests would be analyzed for a variety of parameters, not limited to pH, electrical conductivity, sulphate, bicarbonate, and various metals. Opening and closing ABA/ICP analysis on the bulk sample would be conducted in order to determine the geochemical composition and maximum potential for ML-ARD, which would aid in the interpretation of the influence of local environmental conditions on the weathering of the waste rock and give site geologists and environmental planners better data over a longer period for closure planning than the current Mine Wall Testing Plan.
- (2) Discontinuation of the Mine Wall Testing Plan as the data collected to date shows no significant changes to both Calcium and Sulphur have occurred over the 6-9 month lag from the time of excavation. With the discontinuation of the Mine Wall Testing Plan, visual inspection of all excavation completed by Alexco Resource Corp. over the life of the mine should be conducted, documented, and submitted annually. Inspections would be conducted by trained site geologists and would consist of visibly inspecting all mine walls for signs of oxidation. If at some point in time there is a change in the state of oxidation, local sampling of the mine wall should be conducted and the sample sent out for geochemical analysis. Due to increasing contamination from production mining, results obtained from any further testing of the mine wall in development headings will most likely be erroneous in both lead and zinc, as well as in sulphur as the lead and zinc is predominantly in the form of PbS and ZnS. This increase in sulphur due to contamination would have an impact on any results obtained from further ABA and ICP data collected.

APPENDIX A
2012 MINE WALL SAMPLES

