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July 23, 1993

Mr. Emery Paquin,
Assistant Director,
Environmental Protection Division,
Department of Renewable Resources,
Government of the Northwest Territories,
7th Floor, Scotia Centre,
Yellowknife, N.W.T.

Dear Mr. Paquin,

**RE: Investigation of Arsenic and Sulphur Emissions from the Roaster
Stack at the Giant Mine**

I am writing to express our thanks to the Department of Renewable Resources for taking the time to review the results of your department's recent study of arsenic and sulphur dioxide emissions from the Giant Mine roaster stack. It was our understanding from this meeting that the N.W.T. Department of Renewable Resources are asking Royal Oak to undertake the following activities in anticipation of new air quality regulations planned for promulgation by the Government of the Northwest Territories:

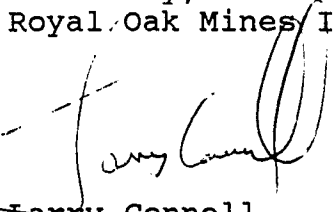
- A) Royal Oak should install and operate continuous online sampling and monitoring equipment to measure arsenic and sulphur dioxide emissions from the Giant mine roaster stack. We understand that your department will utilize the resulting data to assist in computer modelling of stack gas dispersion patterns. This information would be used by the Department of Renewable Resources to establish maximum emission standards for the Giant roaster stack.
- B) Royal Oak should undertake investigative studies of gas emission control processes and equipment with a view to addressing the feasibility of reducing total arsenic and sulphur dioxide emissions from the Giant Mine roaster stack.

While we appreciate the position of your department with regards to this matter, it is essential that these issues be reviewed in the current economic context. The Giant Mine continues to lose money under the current operating situation. The mine is not generating a profit. While we would like to voluntarily participate with your department in achieving your objectives, the reality is that we cannot afford to install this monitoring equipment or undertake these studies under these economic conditions.

If funding for these activities could be arranged either through the Government of the Northwest Territories or through a federal program accessible to the Government of the Northwest Territories, we would be very pleased to participate with the Department of Renewable Resources in the installation and operation of this monitoring equipment and in undertaking the studies on your behalf. Without this type of economic support, the mine is not in a financial position that would allow it to proceed with the activities requested by the Department of Renewable Resources at this time.

We turn to the Government of the Northwest Territories to assist Royal Oak in addressing this situation for the benefit of all residents of the N.W.T.. With financial support we can jointly proceed with these studies.

Sincerely,
Royal Oak Mines Inc.



Larry Connell
Manager of Environmental & Metallurgical Services