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-ROYAL OAK MINES -

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Corporate Office
5501 Lakeview Drive
Kirkland, WA 98033-7314

Tel: (425) 822-8992
Fax: (425) 822-3552

May 27, 1998

The Honorable Stephen Kakfwi
Minister
Department of Resources, Wildlife and Economic Development
Government of NWT
Yellowknife, NWT

VIA FACSIMILE (867) 873-0169

Dear Minister:

I have received information today that the assistance as requested in my letter to you dated May 15, 1998 has been put on hold. It has now been over four months since I first presented to the Ministers the deteriorating situation at the Giant Mine. I cannot state strongly enough the need for the expenditure of exploration funds if the Giant Mine is to have any future and avoid closing. Gold prices are not improving and our reduced cash flow does not allow us to perform this critical work. It will take time to explore and develop known ore reserves at the mine site, along with surrounding deposits that could feed the Giant Mine. The Ministers must act now before it is too late.

I should again point out that it will not be possible for us to take any loan from the Government of NWT due to certain restrictions by our debt holders. However, there could be the possibility that Royal Oak would be able to match a portion of the amount of any grants over a five-year period following the date of any such grants, provided the price of gold recovers to the US\$400 level.

I look forward to the foresight of the Ministers in understanding the need for immediate action.

Yours truly,

ROYAL OAK MINES INC.

A handwritten signature in dark ink, appearing to read 'Edmund Szol', written over a horizontal line.

Edmund Szol
Executive Vice President and
Chief Operating Officer

JHW/js