

JUL 24 1996

Larry Connell
Manager of Environmental Services
Royal Oak Mines Inc.
5501 Lakeview Drive
Kirkland, WA 98033

Dear Mr. Connell:

Gold Roaster Discharge Regulations

I recently received your letter regarding the draft "Gold Roaster Discharge Regulations." I was somewhat surprised that you sent copies to some of the local media outlets and a labour organisation but not to the lead Minister in this issue, other Cabinet Members, the City of Yellowknife or the N.W.T. Chamber of Mines. I have forwarded your letter to the Honourable Stephen Kakfwi, Minister of Renewable Resources.

While I cannot speak for the government (Cabinet) on this issue, since you sent me the letter, I would like to share some of my thoughts as a Yellowknife MLA on this issue.

It is important to point out that the Gold Roaster Discharge Regulations are only at a draft stage. The Department of Renewable Resource is assessing comments received by stakeholders before providing a recommendation to the Cabinet. Ultimately, it will be up to the Executive Council to establish the limits set out in regulation.

Information contained in the attachment to your July 16 letter (Royal Oak Mines - Stakeholder Comment on the Draft Regulation under the N.W.T. Environmental Protection Act - Gold Roaster Discharge Control Regulation) indicates that at current mining rates and economical conditions, the current ore reserve at Giant mine will run out in about mid-2002. You indicate it could continue for an additional 13 years, depending on operating costs. Those costs are largely outside the influence of this government. Once the existing ore reserve is depleted, management could close the mine at any time if it deems continued operation is not in the best interests of Royal Oak's shareholders.

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Royal Oak's position is that the Gold Roaster Discharge Regulations would result in closure of the mine by June 30, 2006 -- a definite date. Yet, that means the mine would continue operating beyond your suggested termination date based on existing ore reserves.

I do not disagree that a corporation's prime reason to operate is to provide a profit to the shareholders. However, along the way, it is reasonable to expect that a corporation will also contribute to the social fabric of the society in which it operates. This may mean responding to new concerns about how the company operates, as time and technology change, as well as supporting minor sports in the community. I know in the past Giant has been an active supporter of community activities.

Another way to contribute is through human resource development. I am aware that the GNWT is investing significant resources in training programs to provide job opportunities for N.W.T. residents in the mining industry. Representatives of individual mining companies and the industry as a whole are actively participating in these initiatives. Some have committed to provide training-on-the-job programs and hiring mine-training program graduates. I understand that Royal Oak has not responded to invitations to participate in discussions on these topics. Certainly, the company's involvement would be welcome.

I also believe that an industrial operation, such as Royal Oak, must recognise that maintaining effective and efficient environmental controls is part of the cost of doing business.

Having found additional ore reserves, the other major gold mine in Yellowknife made the decision to invest in a new ore processing system that does not produce sulphur dioxide emissions.

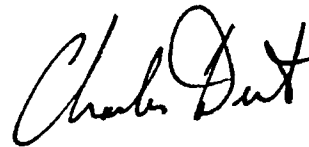
That system cost far less than the \$50-60 million you estimate for replacing roasting equipment at Giant. The company is to be commended for the efforts made to replace the ore reserves as mined. I encourage Royal Oak to continue exploring for additional ore bodies that could provide the economic incentive to follow the example set at Con mine.

I note from your letter that Giant installed the current roaster in the 1950's "to comply with emission standards of the day." Surely it is not unreasonable to expect standards to change as time passes and technology advances. If Royal Oak feels the standards proposed are too tough, why have you not suggested some compromise? Rather than adopting a "take it or leave it" position, why not make a sincere effort to find the middle ground?

I recognise Giant's value to the economy of the NWT and the City of Yellowknife. I am also aware that there will be a substantial impact on revenues to both levels of government should the mine close.

Other companies have shown a commitment to manage their mining operations in a manner acceptable to shareholders, that is environmentally acceptable to the neighbouring public. I sincerely hope Royal Oak will be able to do the same.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Dent". The signature is fluid and cursive, with the first name "Charles" and the last name "Dent" clearly distinguishable.

Charles Dent

- c. Cabinet Ministers
Yellowknife Members of the Legislative Assembly
N.W.T. Chamber of Mines
Mayor, City of Yellowknife