



July 17, 1997

Margaret K. Witte
President and C.E.O.
Royal Oak Mines Inc.
Corporate Offices
5501 Lakeview Drive
KIRKLAND, WA 98033

Dear Ms. Witte:

**RE: APPENDIX V OF THE 1996 ANNUAL REPORT - 1996 PROGRESS
REPORT UNDERGROUND STORAGE OF ARSENIC BEARING
MATERIALS STUDY**

The Northwest Territories Water Board has reviewed the above mentioned report and feel that there are many uncertainties and unanswered questions remaining in the study. The Board requests the following information be submitted by August 18, 1997:

1. A description, including a timetable, as to how Royal Oak Mines Inc. plans to complete the final report by the end of 1997, as per the schedule approved in the Terms of Reference.
2. A description of all work completed by external contractors and a summary of all reports produced under the contracts.
3. The Board welcomes the company's review of the arsenic trioxide removal options but these options need to be elaborated upon. All options must be backed by scientifically defensible information and details provided on the plans to technically and physically assess them.

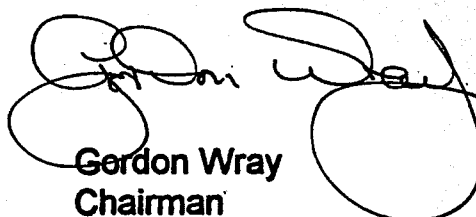
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4. Disposal options, backed by scientifically defensible information, for the arsenic trioxide produced in the future.
5. The Board is concerned over the lack of progress in the assessment of the storage vaults. When and how will Royal Oak Mines Inc. begin to actively assess the discussed options to determine their potential? For example, Royal Oak Mines Inc. proposed to freeze back the vaults by cold air circulation. However, there is no indication that any physical evaluation or test work has been conducted.

The vault study identifies 5 areas of investigation; the first four are technical in nature and will provide the basis to enable a risk assessment. To date, there has been no work done on risk assessment and very limited work on hydrogeology. Without sound scientifically defensible information, a proper assessment of options and risks cannot be conducted. It is essential that such risk assessment be completed within the time frames established in the approved Terms of Reference.

For further information a technical nature, please contact Ms. Shannon Pagotto at 669-2658 or Mr. Jim McCaul at 669-2653 of the Water Resources Division.

Sincerely,



Gordon Wray
Chairman
N.W.T. Water Board

c.c.: S. Schultz