

GCN4170 ROYAL SCOT RESOURCES LTD. (RST-V) Sep 87

UNDERGROUND EXPLORATION UNDERWAY - Donald A. McLeod,

104B General president has

reported a \$300,000 exploration program is underway on the Summit Lake, gold mine of Royal Scot Resources Ltd. formerly named Scottie Gold Mines Ltd. Summit Lake is 30 km north of Stewart, B.C. The recently completed financial restructuring converted the majority of the company's debts to equity. A partnership agreement entered, if closed, will net Royal Scot \$2,000,000 Canadian.

When the mining operation was suspended ore reserves were 132,000 tons grading 0.56 oz. gold per ton. The current 6,500 foot, 18 hole underground diamond drilling program is designed to test this area where additional reserves may be developed. If reserves are expanded a resumption of production in 18 months is planned. The 200 ton per day gold recovery concentrator has been well maintained.

SW SEP 3/87

Royal Scot Resources Ltd RST

Shares issued: 2,469,175 Sep 2 close: \$1.14

104B (SE) Gen

News Release

Mr Donald McLeod reports:

SUMMIT LAKE

The company is currently conducting a \$300,000 underground exploration program at its former producer, the Summit Lake property, north of Stewart, B.C.

In a recently completed restructuring plan, most of the company's debt was converted to equity. Royal Scot has entered a partnership which, if it closes, will net the company \$2 million.

The company was awarded a grant in the amount of \$100,000 under the financial assistance for mineral exploration program. These funds, together with \$200,000 in exploration financing remaining from those funds provided by Goldcorp Investment Limited of Toronto in 1983, are being utilized in this program.

At suspension of operations, ore reserves at Summit Lake stood at 132,000 tons of 0.56 oz gold per ton (fully cut and diluted) in all categories. The current 6,500 foot underground diamond drilling program is designed to test areas where additional reserves may be developed.

Should reserves increase, the company plans to resume operations at Summit Lake within 18 months. Aside from interest costs, production from 1983 to 1985 produced positive cash flow for the company. The 200 ton per day mill and related equipment has been under continual care and maintenance since February 1985, and remains in good condition.