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George Cross News Letter

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SUBSCRIPTION RATE
\$350.00 + G.S.T.
PER YEAR

NO. 196 (1998)
OCTOBER 13, 1998

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ROYAL OAK MINES INC.

[RYO-T, AMEX] 150,865,029 SHS.

KEMESS SOUTH MINE REACHES COMMERCIAL PRODUCTION - Margaret Witte, president, Royal Oak Mines Inc., reports it's new Kemess South gold, copper mine in the Toodoggone region north of Smithers in north-central BC has reached commercial production after meeting design criteria at the open pit mine and concentrator on separate campaigns mining and processing hypogene and supergene ore types.

Royal Oak began construction of the Kemess facilities in July 1996 and started limited production in the concentrator 19 May 98. During the hypogene ore campaign from May 19 to August 14, recoveries of 86% copper and 74% gold were achieved when milling an average head grade of 0.194% copper and 0.015 oz. gold/ton. During this campaign, some 1,800,000 tons of ore were processed from which about 10,600 tons of concentrate were produced assaying between 25% and 26% copper and between 1.3 and 1.7 oz. gold/tonne. Mill availability of 84% was achieved in August.

The campaign mining and processing supergene ore from September 7 to the end of the month produced about 5,800 tons of concentrate of similar grade from processing 1,200,000 tons of ore. The average mill head grade of supergene ore was 0.270% copper and 0.021 oz. gold/ton. Recoveries of 70% copper and 75% gold were achieved. Mill availability was 92% in September.

In the transition period between the hypogene and supergene campaigns from August 15 to September 7 the concentrator processed a blend of hypogene and supergene ores. In the startup and shakedown period from start-up in mid-May to the end of September, the Kemess South operation produced about 38,300 ounces of gold and 11,200,000 pounds of copper contained in concentrates which are smelted and refined in the Far East to recover metal values. The Kemess South Mine is designed to produce an average of about 250,000 ounces of gold and 60,000,000 pounds of copper per year over a mine life of about 16 years based on current mineable ore reserves and planned production rates.

In 1998, Royal Oak plans to produce a total of about 278,000 ounces of gold at an estimated cash cost of US \$240 per ounce, net of copper by-product revenue credit of US 75¢ per pound. In 1999, production is forecast to be between 422,000 and 432,000 ounces of gold at an estimated cash cost of US \$190 per ounce, net of copper by-product revenue credit of US 80¢ per pound. (SEE GCNL NO.184, 24Sept98, P.3 FOR OTHER CORPORATE INFORMATION)

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