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George Cross News Letter

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ROYAL OAK MINES INC.

[RYO-T, AMEX] 140,770,029 SHS.

THREE MONTHS ENDED DECEMBER 31, 1996	1995
GOLD PRODUCTION (OZ)	105,548 94,786
REVENUE	\$71,999,000 \$55,214,000
OPERATING INCOME (LOSS)	7,725,000 (879,000)
NET INCOME (LOSS)	(21,306,000) 3,691,000
NET INCOME (LOSS) PER SHARE	(15¢) 3¢
WEIGHTED AVG. COMMON SHARES OUTSTANDING	136,756,106 117,900,306
CASH COST OF PRODUCTION (US\$/OZ)	357 364
AVG. SPOT GOLD PRICE (US\$/OZ)	376 385
AVG. REALIZED GOLD PRICE (US\$/OZ)	505 430

THE YEAR ENDED DECEMBER 31, 1996	1995
GOLD PRODUCTION (OZ)	389,203 371,151
REVENUE	\$255,168,000 \$208,311,000
OPERATING INCOME (LOSS)	29,204,000 4,743,000
NET INCOME (LOSS)	(5,985,000) 23,169,000
NET INCOME (LOSS) PER SHARE	(4¢) 20¢
WEIGHTED AVG. COMMON SHARES OUTSTANDING	57,449 31,760
CASH COST OF PRODUCTION (US\$/OZ)	343 358
AVG. SPOT GOLD PRICE (US\$/OZ)	388 384
AVG. REALIZED GOLD PRICE (US\$/OZ)	481 409

YEAR END REPORT - Margaret Witte, president, Royal Oak Mines Inc. reports unaudited operating results for the fourth quarter and year ended 31Dec96. As announced last November, Royal Oak plans to close its Hope Brook Mine in Newfoundland in September 1997 when it is estimated economic ore reserves will be depleted. As a result, gold production in 1997 is forecast to decline to be 375,000 ounces at an estimated cash cost of US \$325 per ounce. As part of a successful gold hedging program, about 310,000 ounces of gold production for 1997 have been sold forward at US \$395 per ounce. This gives the company significant price protection in the current weak gold market of around US \$340 per ounce.

Mineable ore reserves increased from 9,263,000 ounces of gold at 31Dec95 to 9,875,000 ounces at year-end 1996, an increase of 612,000 ounces of gold. At the Timmins operations in northeast Ontario, mineable ore reserves increased by 1,020,000 ounces of gold, most of which was at the open pit where a successful drilling program enabled the Pamour expansion project to be significantly increased in scale and scope.

In 1996, mineralized material was increased by 1,081,000 ounces of gold, or 17%, from 6,303,000 ounces to 7,384,000 ounces at year-end. Most of this increase was attributable to the

successful drilling programs at the Timmins and Matachewan properties at the Ontario Division.

Total resources in 1996 increased by 11%, or 1,693,000 ounces of gold, to 17,259,000 ounces from 15,566,000 ounces at the end of 1995. Significant progress made on principal development projects in 1996. At the Kemess gold-copper project in BC construction started in July of last year. The concrete has been poured in the mill building and steel erection will start shortly. The airstrip and the 450-person camp have been completed. Production is scheduled to start in the second quarter of 1998. Annual life-of-mine production is forecast at 250,000 ounces of gold at an estimated cash cost of US \$189/oz, and 60,000,000 pounds of copper at US 48¢ per oz. Mine life in excess of 16 years is expected based on current ore reserves.

At the Matachewan project in Ontario, permitting is proceeding satisfactorily. Mine planning and detailed design of the processing plant, infrastructure and tailings facility are underway. The No 3 shaft is being dewatered and the hoist and headframe have been commissioned. Installation of the powerline, and the pipeline to the Montreal River, has been completed. Following the closure of the Hope Brook Mine in September of this year, items of mill and mine equipment will be shipped to Matachewan in spring 1998 when construction will start. Pre-stripping of the open pit will also start at this time. Underground production and milling are planned to start in the fourth quarter of 1998. Average annual production over the 10-year mine life is expected to be 100,000 ounces of gold per year at an estimated cash cost of US \$225 per ounce.

On the Pamour expansion at Timmins, detailed engineering and design of the Superpit and the 15,000 tpd mill are underway. Considerable progress has been made on environmental baseline studies and a project prospectus is being prepared. The new plant is expected to be in production in the fourth quarter 1999. The Timmins operations are expected to be in operation for over 20 years at an annual production rate of about 240,000 ounces gold per year at an estimated cash cost of US \$225/oz when full capacity is reached. (SEE GCNL NO.217, 8Nov96, P.5 FOR THIRD QUARTER REPORT)

94E 94