

ROYAL OAK MINES INC.

[RYO-T, AMEX] 140,865,029 SHS.

EXPLORATION REVIEWED - Margaret Witte, president, Royal Oak Mines Inc., provides a review of its 1997 exploration program. The company is giving priority to expanding reserves/resources at its Kemess porphyry gold, copper property in BC and at the Namosi porphyry copper property in Fiji.

The Kemess porphyry gold, copper property in BC lies at the south end of the Toodoggone area. The Kemess South deposit hosts an estimated mineable reserve of 4,200,000 ounces of gold plus 996,000,000 pounds of copper. The porphyry deposits in this area frequently intrude older, mixed sediments and volcanics that include limestone and therefore have the potential to host high-grade copper gold-skarn deposits.

The Kemess property also includes the Kemess North porphyry gold-copper deposit, which hosts a resource containing an estimated 1,900,000 ounces of gold and 623,000,000 pounds of copper. This property also hosts another four known porphyry prospects. In addition, one skarn and two epithermal prospects are known to exist between the Kemess South and Kemess North properties. The company's Riga property, located 12 miles north of the Kemess property, also contains a porphyry deposit.

In 1997, Royal Oak completed an airborne geophysical survey over claims staked in 1996 adjacent to, and north of, the Kemess property. The survey revealed large, coincident magnetic, resistivity and radiometric anomalies situated three miles northwest of the Kemess North deposit in an area of favourable limestone and intrusive rocks. In the 1998 field season, Royal Oak plans to explore this prospective target as it could represent another porphyry system and/or a highgrade copper, gold skarn deposit. The Kemess exploration budget for 1998 is \$450,000.

In April of 1997, Royal Oak acquired the mineral licenses of the Namosi property in Fiji. The Namosi property contains a number of separate deposits. The one billion tonne Waisoi deposit located on the Namosi property underwent prefeasibility work in the early 1990s by Placer Pacific. The results of the feasibility study show development of the project would be economically feasible at power costs typical of those in BC. The island of Fiji does not generate enough power for the project so the next steps Royal Oak plans to take will focus on power generation by hydro or gas cogeneration. Further potential exists to expand the deposit to twice its current size. The area may include epithermal vein and skarn type deposits as well as the known porphyry copper deposit that has been outlined. The deposit is favourably located about 30 km by road from the port and capital city of Suva.

Exploration work in 1997 consisted of compiling the geologic and geographic data with the assistance of a GIS program. This allowed several significant historical drill holes to be retrieved from historical records and correlated with recent data. It also allowed the huge database to be examined in a logical manner. The billion tonne Waisoi deposit is flanked by coincident high chargeability IP anomalies and gold soil anomalies. The area immediately north of the Waisoi deposit may represent the centre of the hydrothermal system with potential for an additional 700,000,000 tonne resource. The potential for a gold rich ore zone is indicated by a 1,000 by 150 metres east, west linear soil gold anomaly to the south of Waisoi east. Previous drilling returned 23.4 metres grading 1.82 grams

gold/tonne (0.053 oz/ton). A significant tonnage grading 2.0 grams gold/tonne (0.058 oz/ton) containing several million ounces is envisaged for this target which Royal Oak plans to drill this year.

The Wainabama area, located south of the Waisoi deposit, has a significant copper and gold resource of about 11,900,000 tonnes grading 0.72% copper and 0.46 grams gold/tonne (0.013 oz/ton) of gold which occurs in a quartz, magnetite stockwork porphyry system that is open in all directions and has coincident soil geochemical and IP anomalies. The company plans to expand this resource in this year's drilling program. The Namosi property also contains the Waivaka Corridor, an eight by 1.5 km zone of alteration, which hosts porphyry type, and structurally controlled zones of vein mineralization. Limited reconnaissance drilling has indicated a potential resource of 200,000,000 tonnes grading 0.70% copper. Previous widely spaced drill holes have intersected 1.49% copper over 110 metres and 0.80% copper over 135 metres.

The Wainadai Northeast prospect is also located on the Namosi property. The Badger's Bridge target shows strong alteration over appreciable widths with a strong IP response and trench intersections of 4 metres of 8.7 grams gold/tonne (0.254 oz/ton) and 7 metres of 2.68 grams gold/tonne (0.078 oz/ton). Drilling has not tested this anomaly.

In 1998, Royal Oak plans to carry out Phase I exploration of grid work, geological mapping, geophysical surveying, reverse circulation and core drilling to test these high priority targets. A budget of Cdn \$1,460,000 has been allocated to Fiji for 1998.

In 1998, the company plans to continue to fund exploration at the Giant Mine at Yellowknife, NWT, that began in mid-1995. To date, over 2,000 feet of exploration drifting, 30,000 feet of underground drilling and 23,000 feet of surface drilling have been completed to delineate higher grade ore close to existing workings.

An extension of the high grade LAW zone was discovered by the 1997 drilling program which returned best intersections of 0.455 oz. gold/ton over 20 feet and 0.58 oz. gold/ton over 19 feet. These grades are significant compared to the average mill head grade of 0.270 oz. gold/ton at the Giant Mine in 1997. A total of about 5,000 to 8,000 feet of drilling are planned for 1998 to better define the mineralization in this area.

Additional exploration drilling is planned from a second exploration drift that will be driven south from the main C-shaft area on the 1500 level to allow testing of the southern strike extension of the large Lower East Alteration Zone outlined on the 2000 level in the 1960's. Several holes completed to date have intersected widths greater than 150 feet of mineralized and altered volcanics indicating the extensive alteration system defined by previous drilling on the 2000 level is continuous to the south. No economic zones of mineralization have been intersected by the limited amount of drilling completed to date; however, the numerous low but anomalous gold assays, and the size and type of the alteration system is encouraging. Drilling is scheduled to start in this area following completion of another 1,000 feet of drifting and drill cut-out excavation that will allow testing of this structure close to its intersection with the Townsite fault. This target requires an additional 25,000 to 30,000 feet of drilling before a preliminary evaluation of exploration results can be undertaken. Royal Oak plans underground exploration of \$1,000,000 at the Giant Mine in 1998. (SEE GCNL NO.66, 3Apr98, P.4 FOR YEAR END REPORT)

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