



Rm. 105, 525 Superior Street, Victoria, BC V8V 1X4, PH: 356-2229, FAX: 387-5985

January 24, 1989

Mr. Gus Hoberstorfer
Vice-President, Mining Operations
Granges Exploration Ltd.
23rd Floor - 885 West Georgia Street
Vancouver, B.C. V6C 3E8

LOG NO:	JAN 31 1989	VAN
ACTION:		
FILE NO:	WINDFLOWER	

Dear Mr. Hoberstorfer:

Re: Windflower Gold Project

I acknowledge with thanks your 1989-01-03 letter, and by copy of my response, I am circulating your letter to relevant Mine Development Review Process participants to advise them that the Windflower project is being "moth balled". For the present, we will suspend all review of the project, (other than processing of your company's proposals for handling of the 8,000 tons of already crushed ore, as and when applications are received), pending an announcement of project re-activation.

In closing, I wish to take this opportunity, on behalf of all MDRP participants, to thank you and your company for your good cooperation with the review process to date.

Yours truly,

Raymond L. Crook, Chairman
Mine Development Steering Committee
c/o Engineering and Inspection Branch
Mineral Resources Division

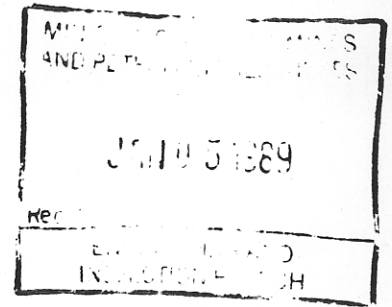
RLC:sf

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GRANGES
EXPLORATION LTD.

885 WEST GEORGIA STREET
23RD FLOOR
VANCOUVER, BC CANADA V6C 3E8
TELEPHONE (604) 687-2831
TELEX 04-53409
TELECOPIER (604) 687-8699



January 3, 1989

Ministry of Energy, Mines and
Petroleum Resources
Room 105, 525 Superior Street
Parliament Buildings
VICTORIA, BC
V8V 1X4

**ATTENTION: MR. RAYMOND L. CROOK, CHAIRMAN, MINE DEVELOPMENT
STEERING COMMITTEE, C/O ENGINEERING AND INSPECTION
BRANCH MINERAL RESOURCE DIVISION**

Gentlemen:

RE: WINDFLOWER PROJECT

It is with regret that we have to inform you that our exploration efforts, including underground exploration, have given negative results at current gold prices.

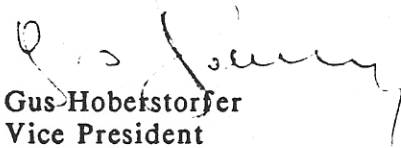
Given the geological characteristics of the deposit, a multiple lense situation, highly irregular, hence demanding appreciable amounts of drilling and underground work, we are presently reluctant to commit any further funds for continued exploration.

From our viewpoint, the deposit is presently "moth balled". We are actively searching for a party willing to continue exploration or to mine the existing reserve.

Notwithstanding the above, we realise that we have to resolve the question what to do with approximately the 8,000 tons of ore which have been crushed and hauled down to the valley floor.

With these lines we wish to assure you that we intend to deal with question within the near future.

Yours very truly,


Gus Hoberstorfer
Vice President
Mining Operations

gh/dk

cc Windflower Mining, Mr. G. Ryznar



Rm. 105, 525 Superior St., Victoria, B.C., V8V 1X4, PH: 356-2230, FAX: 387-5985

September 29, 1988

LOG NO:	OCT 17 1988	VAN
ACTION:		
	TGS	
FILE NO:	WINDFLOWER	

Mr. Gustav Hoberstorfer
Vice President, Mining Operations
Granges Exploration Ltd.
Suite 2300, 885 West Georgia Street
Vancouver, British Columbia
V6C 3E8

Dear Mr. Hoberstorfer:

Re: Windflower Gold Project - Prospectus (February, 1988)

Participants in the Mine Development Review Process have completed their review of your company's February, 1988 prospectus. I attach review comments for your information and necessary action. A Stage I submission will be required for this project, but it is our intention to regionalize review of that submission so that, when filed, it will be handled by a locally-based committee, rather than by the Victoria-based Mine Development Steering Committee. Details are provided later in my letter.

The attached review comments should be viewed as terms of reference for the forthcoming Stage I submission. Prior to embarking on the Stage I study program, your company is urged to meet with government agencies which have a major interest in the project to fine-tune the terms of reference. If any Stage I advice or information requirements are unclear, please contact the relevant Ministry, or else myself, and I will seek clarification.

A decision on project approval-in-principle will be made after the Stage I submission has been reviewed. Approval-in-principle will be granted if there are no major outstanding policy or technical concerns. It is especially important for the Stage I submission to focus on what agencies have identified as the key issues.

I should note that the following agencies raised no concerns with respect to your company's project, and decline further involvement in project review:

- the Ministry of Parks;
- the Ministry of Transportation and Highways;
- the Ministry of Advanced Education and Job Training;
- the Ministry of Education; and
- the Ministry of Attorney General.

With respect to the regional review of your company's Stage I submission, please note the following. The Ministry of Energy, Mine and Petroleum Resources, in cooperation with the Mine Development Steering Committee, is planning, before the end of 1988, to establish a Kootenay-based Mine Development Advisory Committee to review and assess small, local, relatively non-controversial project proposals. This committee will be chaired by a District Mines Inspector, and will be comprised of regional representatives of key Mine Development Review Process agencies. The Windflower Gold Project Stage I submission has been identified as a candidate for review and assessment by the Kootenay Region Mine Development Advisory Committee, on which will sit the same key regionally-based government representatives who reviewed your February, 1988 prospectus and Notice of Work application for the pilot mill. If the Stage I submission is filed prior to formal establishment of the new committee, the existing Kootenay Regional Reclamation Advisory Committee, based in our Fernie and Nelson centres, will handle the review in the interim.

Please contact me when your company is prepared to submit the Stage I report, and I will arrange to provide you with a list of names and addresses for direct distribution of the report for review. In addition to members of the Regional Mine Development Advisory Committee, a few agencies which either do not have regional representation, or which maintain headquarters technical review expertise, will also require copies of the Stage I submission. In any event, we trust that the new regional committee approach will materially facilitate review and final approval of your company's project.

In closing, thank you for your company's cooperation with the review process to date. Please contact me if you have any questions (phone 356-2230).

Yours truly,

A handwritten signature in black ink that reads "Raymond L. Crook". The signature is written in a cursive style with a large, prominent 'R' and 'C'.

Raymond L. Crook
Chairman
Mine Development Steering Committee
c/o Engineering and Inspection Branch
Mineral Resources Division

RLC:sf

Attachment: Review comments on prospectus

ccs: See attached distribution list

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