

GRANGES REPORTS ON OPERATIONS

October 17, 1989, Vancouver, B.C. -- Granges Inc. announced today that operations will be indefinitely suspended at the Tartan Mine in Manitoba. An orderly suspension of operations will take place over a ten week period. Mothballing will begin after milling has been completed. Total gold production from the Tartan facility for the year in view of the suspension is expected to be approximately 17,500 ounces.

The Company cited a weak gold price as the primary reason for the suspension of operations. In the current year, operating costs at the Tartan Mine have been approximately US \$393 per ounce excluding capital costs for development and ore definition drilling. The Company will write-down its interest in the Tartan Mine by an additional \$2.5 million in the third quarter.

Granges is applying to set aside the \$17.6 million garnishing order obtained by its joint venture partner in the current litigation over its interest in the Tartan Mine. If unsuccessful it would not have a material effect on the Company's operations as the funds are not required for operations, but it would restrict the availability of funds for further investments or acquisitions.

The Company also announced its intention to write off in the third quarter \$6.0 million of the \$6.3 million carrying value of its 100% interest in the Windflower gold property near Revelstoke, B.C.

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ACTION:	Jamie also, pls. file a copy under WINDFLOWER
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Granges' 59% owned subsidiary, Hycroft Resources & Development Corporation, owns and operates the recently combined Crofoot and Lewis mines in Nevada where the ore from both mines is now processed through the facilities at the Crofoot mine. Leaching of material already on the leach pads at the Lewis mine is expected to continue until mid-1990. Gold production before minority interest from both mines is expected to be approximately 80,000 ounces in 1989 which is approximately 8000 ounces below the Company's estimate at the beginning of the year and is due to the shutdown and sale of the Lewis mine's crushing facility more than four months earlier than expected. The positive impact on earnings of combining the two operations is expected to be offset by lower gold prices, lower production and rate of recovery and operating difficulties in the first half of the year.

At the Trout Lake Mine near Flin Flon, Manitoba, definition drilling in 1989 has developed additional reserves approximately equal to the amount of ore mined to date in 1989. Increased operating costs in 1989 have been more than offset by better than expected prices for copper and zinc.

Further details will be provided in the third quarter financial report of the Company which is currently being prepared.