

Vancouver president outlines latest progress

Lexington happy as oil, gas, copper action drives ahead on B.C., Alberta properties

By DOUG HUBER
[Special to the
Canadian Financial Journal]

Events likely to brighten many a shareholder's day are developing on the copper prospects and on petroleum and natural gas holdings of Vancouver based Lexington Mines Ltd.

Reporting progress on a recent work-option agreement on large holdings at Greenwood, B.C., Lexington Mines told The Journal Monday that Granby Mines Ltd. has now completed drilling 25 initial percussion holes in a continuing program where the next 15 test holes have already been sited by the Granby engineers.

Purpose of the works program is to establish open pit limits on five

zones previously defined by Lexington through induced polarization magnetometer and geochemical surveys.

In an exclusive interview with the Financial Journal Lexington president Harry T. Mitchell said that while assays have been completed on the first five drill holes, Granby engineers have decided on withholding findings until the program is far enough advanced to gain more meaningful information from their evaluation.

At the same time Mitchell told The Journal that Lexington has received a \$65,000 underwriting to undertake an offset drilling for natural gas in the Osborn River area of B.C. where the company holds 100% interest in two P.N.G. leases comprising 1600 acres.

Mitchell said the venture would

be offsetting three successful Texaco gas wells and, if successful, would tap estimated recoverable reserves of 4.72 billion cubic feet to gain Lexington a net income of \$632,000 over a 20 year period.

Reserves were calculated by Calgary consultants Helton Engineering Ltd., who recommend a three-well program and state a drilling depth of approximately 3600 feet for the first hole. Hole number two would be another Gething zone well, also estimated at \$65,000, and hole number three would be to the permo Penn formation at approximately 5100 feet and \$95,000 costing.

"But the activity doesn't stop there" said Mitchell "because Lexington is also negotiating in the

petroleum hot area of Provost, Alberta, for another offset situation on 15 parcels of land from Hudson Bay Oil and Gas Company Ltd.

"Here Lexington again seeks a 100% net working interest in return for a 10% gross override to H.B.C. and the drilling of 8 wells over a 12 months period on sites chosen by Lexington engineers."

Among the positive features already prominent in Lexington's corporate picture is a successful well drilled at Arrowood, Alberta, where Lexington holds interests of varying percentage in some 50,000 acres. An additional 10 well program is now being laid out by consulting engineers.

Through subsidiary Petroleum Royalties Corp. Ltd. Lexington holds a 50% interest in another successful gas well in the Basal Colorado zone at Cessford,

Alberta. The well is deemed eligible for unitization with the Princess Field natural gas production of Dome Petroleum, Denison Mines et al and negotiations to this end are underway.

In another Alberta petroleum development Lexington has signed an agreement with Procana Resources Ltd. of Calgary for immediate commencement to rework two oil wells back into production in the Verger area.

Under the agreement Lexington will gain a 50% interest in the two wells by providing up to \$50,000 in stages as the work goes forward.

"What I've told you today" said company president Mitchell, "is really only a small part of Lexington's interests and activity. Our annual meeting is this Wednesday and there's more news on hand" was his smiling conclusion.

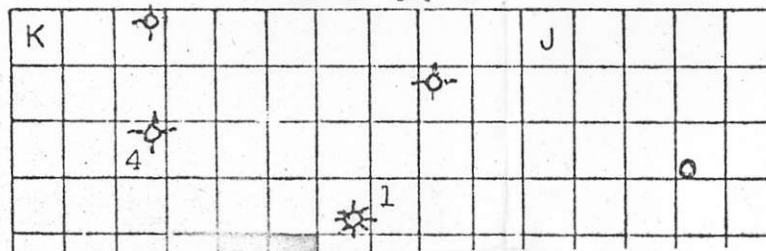
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