

**GRENOBLE ENERGY
LIMITED**



823155

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January 27, 1981.

TO SHAREHOLDERS OF GRENOBLE ENERGY LIMITED

Grenoble Energy Limited today announced further favourable assays from the 1980 diamond drilling program on its gold, copper and silver prospect near Greenwood, B.C.

Known as the Lexington Property, the prospect contains a long, pipe-shaped mineral body which is approximately 1500 feet in length, 50 feet wide and 50 feet high. Previously announced engineering reports estimated that this mineral zone holds 500,000 tons of an average grade of 0.195 ounces per ton gold and 1.25 percent copper. Within the main body are higher grade zones estimated to contain 175,000 tons of gold - copper mineralization averaging 0.46 ounces per ton gold and 2.41 percent copper. These reports were based on surface drilling and were reported by R.W. Phendler, P.Eng., the Company's Consultant.

During 1980, Grenoble completed a 350 foot-long adit and from various points in the adit, diamond-drilled a number of core samples, some of which intersected the same zone as that encountered by surface drilling performed in recent years by the property's previous owners.

The diamond drilling program confirmed the existence of "lenses" of high grade mineralization within the main mineral zone. According to David Burns, P.Eng., "The gold-copper mineralization occurs within a complex intrusive adjacent to its contact with another type of rock called serpentine. The intrusive is banded and at times distorted. Mineralization is sufficiently concentrated to form high grade veins, such as intersected by Holes 1, 8, 12 and 20." One of these lenses is shown on the diagram of Drill Holes 1, 8, 9, 10, 12 and 14.

So far, only about 25 percent of the known length of the mineralization has been investigated. The recommended next phase of Grenoble's program is to extend the adit a further 300 feet toward the higher grade section indicated by surface diamond drilling. After completion of the adit drive, further drilling will be carried out attempting to confirm results of the surface work. It is also hoped to outline by means of closer-spaced drilling the higher grade zones indicated by previous work.

The Lexington property is located three-and-one-half kilometres (two miles) southwest of Greenwood, B.C. It consists of 20 claims covering 213.6 hectares (534 acres), some of which have been intensively mined for various periods since 1890. Grenoble is currently negotiating with several major mining companies for further development of the property.

January 1, 1981, marked the beginning of the second half of Grenoble's second full year of operation. To help you fully appreciate the company's accomplishments to date, as well as its potential, you will soon be receiving copies of Grenoble's development plans and financial statements for the six months ended December 31, 1980.

On behalf of the Board,



E.E. Weisbrod
President

GRENOBLE ENERGY LIMITED - LEXINGTON PROPERTY

SELECTED DIAMOND - DRILL ASSAYS

January 27, 1981

Hole 1

<u>Section</u>	<u>Ft.</u>	<u>Au(oz/T)</u>	<u>Cu(%)</u>
(3)	104'-112'	1.524	13.28
(4)	112'-120'	0.744	6.26

Hole 8

<u>Section</u>	<u>Ft.</u>	<u>Au(oz/T)</u>	<u>Cu(%)</u>
(a)	73'-77.5'	0.268	1.12
(b)	77.5'-81.5'	0.116	0.52

Hole 12

<u>Section</u>	<u>Ft.</u>	<u>Au(oz/T)</u>	<u>Cu(%)</u>
(c)	118'-124'	1.846	3.86
(d)	124'-130'	0.168	1.05

Hole 20

<u>Section</u>	<u>Ft.</u>	<u>Au(oz/T)</u>	<u>Cu(%)</u>
(j)	185.5'-192.5'	1.212	9.13
(m)	204' -208'	1.224	0.59

Hole 4

<u>Section</u>	<u>Ft.</u>	<u>Au(oz/T)</u>	<u>Cu(%)</u>
(a)	42'-48'	0.080	1.35
(b)	48'-55'	0.224	1.58
(c)	55'-62'	1.328	2.27
(d)	76'-81'	0.082	2.27
(e)	81'-92'	0.016	0.48

Hole 5

<u>Section</u>	<u>Ft.</u>	<u>Au(oz/T)</u>	<u>Cu(%)</u>
(a)	62'-67'	0.286	1.51
(b)	67'-74'	0.204	4.19