

L. LEXINGTON

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F. J.

# GRENOBLE ENERGY LIMITED

1255 - 555 Burrard Street  
Vancouver, B.C.  
V7X 1J6

823210

## PROSPECTUS

300,000 Shares without par value

	Price to Public	Commission	Proceeds to Company if all Shares sold
Per Unit .....	65¢	15¢	50¢
Total .....	\$195,000	\$45,000	\$150,000**

\*\* Before deduction of legal, audit and printing expenses payable by the Company estimated not to exceed \$6,000.00.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION AS THE COMPANY'S MINING PROPERTIES ARE STILL ONLY IN THE EXPLORATION STAGE.

THERE IS NO MARKET FOR THE SHARES OF THE COMPANY.

THIS ISSUE IS SUBJECT TO A MINIMUM SUBSCRIPTION. FOR DETAILS SEE PAGE 7.

NO SURVEY OF ANY PROPERTY OR PROPERTY INTEREST HELD BY THE COMPANY HAS BEEN MADE AND THEREFORE, IN ACCORDANCE WITH THE MINING LAWS OF THE APPROPRIATE JURISDICTION IN WHICH THE PROPERTY IS SITUATE, THE EXISTENCE OF AND THE AREA OF THE PROPERTY COULD BE IN DOUBT.

THE SHARES OFFERED BY THIS PROSPECTUS REPRESENT 15.8% OF THE TOTAL NUMBER OF SHARES TO BE ISSUED AND OUTSTANDING UPON COMPLETION OF THIS OFFERING AND THE SHARES ISSUED TO PROMOTERS AND DIRECTORS, OFFICERS AND CONTROLLING PERSONS FOR CASH AND PROPERTIES REPRESENT 47.4% OF THE TOTAL NUMBER OF SHARES TO BE ISSUED AND OUTSTANDING UPON COMPLETION OF THE OFFERING.

THE COMPANY'S PROPERTIES ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE AND THE PROPOSED PROGRAM IS AN EXPLORATORY SEARCH FOR ORE.

DATED: October 30, 1979.

I N D E X

	<u>Page</u>
The Company	2
Plan of Distribution	2
Capitalization	2
Auditors	3
Registrar and Transfer Agent	3
Prior Sales	3
Description of Business and Property of Company	4
Use of Proceeds	11
Minimum Subscription	13
Directors and Officers	14
Remuneration of Directors and Senior Officers	15
Promoters	16
Incorporation Within One Year	16
Principal Holders of Securities	17
Options to Purchase Securities	18
Pooled Shares	18
Escrowed Shares	18
Material Contracts	19
Statutory Rights of Withdrawal and Rescission	20
Financial Statements	Schedule A
Engineer's Reports	Schedule B
Certificate	Schedule C

THE COMPANY

Grenoble Energy Ltd. (hereinafter called "the Company") was incorporated on June 1, 1979, by Memorandum of Association as a limited company under the laws of the Province of British Columbia. By the provisions of the Companies Act, S.B.C. 1973, the Company is deemed to be a reporting Company.

The registered office and records office of the Company is #1275 - 555 Burrard Street, Vancouver, B. C., and the Head Office is #1027 - 510 West Hastings Street, Vancouver, B. C.

*Rogers Bldg.*

PLAN OF DISTRIBUTION

The Company, by this Prospectus, offers to sell 300,000 of its common shares as fully paid and non-assessable at a price of 65¢ per share subject to a commission not exceeding 15¢ per share. The shares will be sold through registered securities dealers and registered salesmen, pursuant to an issuers licence registered by the Company, who will receive such commission. Shares of the Company may also be sold by Trading Directors but no commission or other remuneration will be payable to Trading Directors of the Company in connection with this offering of shares. The Company reserves the right to accept or reject applications for these shares in whole or in part.

CAPITALIZATION

The authorized capital of the Company is 5,000,000 shares without a nominal or par value. There is only one class of shares and all rank equally as to dividends, voting rights and participation in assets. All shares of the Company issued to the date hereof and those issued pursuant to this Prospectus are and shall be fully paid and non-assessable.

<u>Designation of Security</u>	<u>Share Capital Authorized</u>	<u>Outstanding as of 1979</u>	<u>Outstanding as of 1979</u>	<u>Outstanding on Completion of Offering</u>
Common	5,000,000	1,601,500	1,601,500	1,901,500

AUDITORS

The auditors of the Company are Carlyle Shepherd & Co.  
#220 - 4800 No.3 Road, Richmond, B.C.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Company is the Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, B. C.

PRIOR SALES

The Company has sold for cash, since incorporation, the following shares at the described price:

<u>Number of Shares</u>	<u>Price</u>	<u>Commission</u>	<u>Cash Received</u>
557,500	10¢	Nil	\$55,750.00
294,000	25¢	Nil	\$73,500.00

DESCRIPTION OF BUSINESS AND PROPERTY OF COMPANY

The principal business of the Company is the acquisition, exploration and development of mineral properties and the exploration for gas and oil. Exploration properties held by the Company are described below.

Harrison Lake Property

The Company owns outright the Rocco #3 Mineral Claim Record Number <sup>579(7) New Westminster</sup> 2380, Vancouver Mining Division, expiry date July 17, 1980, consisting of 12 full size B.C. Units. The claim is situated 10 Km. northwest of Harrison Mills, British Columbia, and is accessible via the Norrish Creek logging road.

The claim was staked by a group composed of:

Kenneth Albert Sherlock  
2413 McBain Ave.,  
Vancouver, B. C.

Earl Edward Weisbrod  
11420 Kingfisher Drive  
Richmond, B. C.

George Fordham Jones,  
41 Bastion Square  
Victoria, B. C.

The group sold the claim to the Company outright for 750,000 escrow shares divided among them equally.

The Company is interested in the property as it is in a region that has seen a number of copper-molybdenum prospects over the years and the claim area is geologically favourable for such deposits.

An airborne geophysical survey was conducted over the property at a cost of \$10,400.00 to the Company.

The Company had a report prepared by James W. McLeod, B.Sc. working under the supervision of E. Percy Sheppard, P.Eng. The report dated July 20, 1979 recommends the expenditure of \$20,000.00. The work is to consist of geological mapping, silt sampling and a magnetometer survey. The Company does not intend to carry out this program at this time.

There is no surface or underground plant or equipment on this property.

#### Lexington Property

Pursuant to agreements with Wendy Hynson of #303 - 2445 West 3rd Avenue, Vancouver, B.C. dated June 5, 1979, and Ralph Sostad of #1012 - 470 Granville Street, Vancouver, B.C. dated July 24, 1979, the Company acquired rights to the mineral claims listed below. The rights were acquired for a combination of share consideration and cash payments on an option basis. Option payments will be made in accordance with the "Use of Proceeds" section herein. Future option payments due to commence January 1, 1980 will be subject to regulatory consent at the time such payments fall due.

Pursuant to the Sostad Agreement:

<u>Name of Claim</u>	<u>Size - Acres</u>	<u>Record Number</u>	<u>Expiry Date</u>
St. Lawrence	41.40	1000	April 19, 1980
New Jack of Spades	5.023	996	April 19, 1980
Cuba	40.00	997	April 19, 1980
Excelsior	46.37	1351	October 16, 1980
Holly #12	52.0	1282	August 11, 1980
Holly #1	52.0	1271	August 11, 1980
Holly #3	52.0	1273	August 11, 1980

Pursuant to the agreement with Wendy Hynson:

Crown Granted Mineral Claims:

<u>Lot Number</u>	<u>Size - Hectares</u>	<u>Name</u>
Lot 621	7.34	Lincoln
Lot 622	7.38	City of Paris
Lot 791	7.12	Number Four
Lot 2013	9.41	City of Vancouver Fraction
Lot 645	8.36	Lexington
Lot 1161	9.43	City of Denver
Lot 1095 S	8.70	N.D. Des Mines Fraction
Lot 614	6.75	Oro
Lot 1096 S	1.54	Oro Fraction
Lot 1152	6.15	Puyallup
Lot 955	14.34	Golden Cache Fraction

Mineral Leases

<u>Lot Number</u>	<u>Size - Acres</u>	<u>Name</u>
Lot 868	5.95	Marie Stuart
Lot 1878	23.00	No.5

The claims are situated 11 Km. southeast of Greenwood, British Columbia, near the U.S. Border and are accessible by good gravel road from Greenwood, B.C.

The Company acquired rights to the St. Lawrence, New Jack of Spades, Cuba, Excelsior, Holly 1, 2 and 12 pursuant to the agreement with Ralph Sostad, the agreement grants the Company an option to purchase the claims outright for \$100,000. The agreement provides option payment schedule as follows:

\$ 7,500.00	paid on execution
2,500.00	January 1, 1980
2,500.00	July 1, 1980
2,500.00	January 1, 1981
15,000.00	July 1, 1981
20,000.00	January 1, 1982
50,000.00	July 1, 1982
<hr/>	
\$ 100,000.00	

January 1, 1980 and subsequent option payments will be made by the Company through future financing. If the Company is unable to make adequate financial arrangements, the option will be dropped.

In addition, Mr. Sostad has received 50,000 of the previously issued escrow shares of the Company. The vendors of the above described Harrison Lake property agreed to the transfer to aid the Company in acquiring Mr. Sostad's claims.

Mr. Sostad presently retains 9 contiguous mineral claims adjoining the Company's holdings and lying to the northeast. The claims have been offered for sale by Mr. Sostad for shares. The directors of Grenoble have declined to make an agreement in which additional shares of Grenoble would be issued, but have discussed the possibility of forming a new company in which Mr. Sostad would be entitled to vendors shares.

The balance of the claims were acquired pursuant to the agreement with Wendy Hynson who was paid \$40,000.00 cash by the Company on execution of the agreement. Ms. Hynson also received 250,000 of the previously issued escrow shares from the vendors of the Harrison Lake property.

The agreement with Ms. Hynson is subject to a number of agreements with the various claim owners. Ms. Hynson's interest was obtained by an assignment of certain agreements known as the "Greenwood" agreements from Rudolf Securities Ltd.



pursuant to an agreement dated May 1, 1979. Rudolf Securities Ltd. obtained the claims pursuant to the following agreements:

Agreement of February 1979 between Kent Energy Corp. and Rudolf Securities Ltd.

Agreement dated September 25, 1978 between the Estate of Marguerite Felicite Johnson and the Roman Catholic Archbishop of Los Angeles of the first part, Rudolf Securities Ltd. of the second part, and S.D. Anfield, Trustee, of the third part; (Johnson Agreement).

Agreement of March 12, 1979 between Notre Dames Des Mines Ltd. of the first part, Napoleon Peter Casorso and Englebert H. Sperling of the second part, and Rudolf Securities Ltd. of the third part; (Notre Dames Agreement).

The Company pursuant to its agreement with Ms. Hynson has assumed the commitments of the earlier agreements. These commitments are set out below and are the entire commitments pursuant to the various agreements.

N.B. Pursuant to the Johnson Agreement the claims City of Paris, Lincoln and Number Four were acquired. Royalty payments of 2% of the net profits to a total of Forty-Five Thousand (\$45,000.00) Dollars must be made on or before September 25, 1983. The Company can merely pay a cash payment in lieu of a production royalty.

Pursuant to the Notre Dames Agreement the balance of the claims were obtained. The Company entered into an amending agreement dated August 24, 1979 with the parties of the Notre Dames Agreement, and a further amending agreement dated September 7, 1979 with Kent Energy Ltd.

Payments under those agreements are as follows:

Notre Dames Des Mines Ltd. is entitled to the following:

- \$5,000.00 paid on execution of the amendment;
- \$5,000.00 paid on release of the funds raised pursuant to this Prospectus;
- \$2,000.00 on or before October 15, 1981;
- \$88,000.00 on or before April 15, 1984.

Napoleon Peter Casorso is entitled to the following:

- \$ 5,000.00 paid on execution of the amendment;
- \$ 5,000.00 paid on release of the funds raised pursuant to this Prospectus;
- \$ 2,000.00 on or before October 15, 1981;
- \$38,000.00 on or before April 15, 1984.

Englebert H. Sperling is entitled to the following:

- \$ 5,000.00 paid on execution of the amendment;
- \$ 5,000.00 paid on release of the funds raised pursuant to this Prospectus;
- \$ 2,000.00 on or before October 15, 1981;
- \$18,000.00 on or before April 15, 1984.

Kent Energy Ltd. is entitled to the following:

The sum of One Hundred Thousand (\$100,000.00) Dollars within a period of ten (10) years from the date hereof by paying 1% of the net smelter or refinery returns as received from the sale or shipment of all ores or concentrates from the said property interests.

The initial payments of \$5,000.00 were made to each of Notre Dames Des Mines Ltd., Mr. Casorso and Mr. Sperling from funds raised by the initial sale of company shares. The second payment of \$5,000.00 to each of the three will be made from funds raised pursuant to this Prospectus.

The Lexington property is in the Phoenix - Greenwood Mining camp. The area has supported a number of mining operations since

before the turn of the century. The best known is the Phoenix Mine of the Granby Mining Co. Ltd.

Over the years, the Lexington property has attracted a number of operators, small shipments of high grade copper gold ore have been made from the property, limited underground work has been undertaken and considerable drilling has been carried out.

The Company's consultant, R.W. Phendler, P.Eng. was involved in two earlier exploration endeavours. In 1970 Mr. Phendler consulted for Lexington Mines Ltd. and in 1974 for Aalenian Resources Ltd. Both companies completed considerable diamond drilling, particularly on the Lexington and City of Paris claims on a mineralized zone known as the "main" zone. Geochemistry and geophysics have also been carried out on the property indicating a number of other anomalous targets. Granby Mining Co. Ltd. optioned the property and tested a number of these anomalies with a program entailing 37 percussion holes during 1972.

In assessing the past information, Mr. Phendler has recommended that for the present the Company concentrate its efforts on the area of the "main" zone. Mr. Phendler reports that the drilling to date has outlined a mineralized zone in a body of gently dipping quartz porphyry. The zone is 400 meters in length, 50 meters in width, with an average thickness of 20 meters. Mr. Phendler estimates that the mineralized tonnage is 900,000 of 1.19% copper and 0.171 oz. gold (uncut) per ton.

$\times 2.8 = 1,120,000 \text{ tons} ?$

Mr. Phendler recommends a two phase program of underground development to cost approximately \$320,000.00. The Company plans to carry out the first phase which comprises a decline shaft for 200 meters down the slope of the main zone. From the decline the main zone can be probed and tested with diamond drilling and raises. The full text of Mr. Phendler's report is printed and forms part of this Prospectus.

There are limited underground workings on some of the claims comprizing the Lexington property, but such workings are not considered significant to the Company's present operations. There is no surface or underground plant or equipment on the property.

#### USE OF PROCEEDS

The net proceeds to be derived by the Company from the sale of the securities offered pursuant to this prospectus are \$150,000.00, which together with approximately \$30,000.00 on hand at the date of this Prospectus, will be used in order of priority as follows:

(a) To pay legal, audit and printing expenses of this Prospectus - \$ 6,000

Provision for Vancouver Curb Exchange Listing Fee. (to be held in Trust pending the listing) \$ 2,000

(b) To carry out Phase 1 of R.W. Phendler's recommendations on the Lexington Property, consisting of the following:

Part 1

1) Re-establish grid	- \$3,000		
2) Resurvey drill holes	- 3,000		
3) Rehabilitate roads, etc.	- 2,000		
4) Seismic survey and prepare portal site	- 5,000		
	18,000		
10% contingencies	1,800	19,800	

Part 2

1) Drive decline 200 meters @ \$300/meter	- 60,000		
2) Diamond drill 300 meters @ \$60/meter	- 18,000		
3) Development raises - 20 meters @ \$180/meter	- 3,600		
4) Metallurgical test	- 3,000		
5) Engineering & Geology	- 5,800		
	90,400		
10% contingencies	9,040	99,440	\$119,240

(c) Provision for property payments to Ralph Sostad - \$ 5,000

Provision for payment to Notre Dames Des Mines Ltd., Napoleon Peter Casorso, Eglebert H. Sperling \$ 15,000

(d) Provision for Accounts Payable - \$ 6,868

(e) Working capital - \$ 25,892

\$180,000

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No part of the proceeds shall be used to invest, underwrite or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdiction in which securities offered by this Prospectus. Approval by the shareholders must be obtained and prior disclosure must be made to the securities regulatory bodies having jurisdiction over the sale of the securities by this Prospectus.

#### MINIMUM SUBSCRIPTION

The Company shall have 120 days from the date of receipt of filing of the Prospectus by the Superintendent of Brokers for British Columbia in which to sell the full offering of 300,000 shares, thereby raising \$195,000.00, including commissions of \$45,000.00. All funds raised during this 120 day period will be deposited without deduction in trust, and apart from the Company's general account, at the Guaranty Trust Company of Canada, 800 West Pender Street, until the full amount of \$195,000.00 has been raised by the sale of the full 300,000 shares pursuant to this prospectus in British Columbia, or in any other jurisdiction in which the shares have been qualified for sale and the Superintendent of Brokers has consented to the release of funds. If the 300,000 shares are not sold and the full proceeds not received within the 120 day period, all subscriptions for the shares of the Company will be returned immediately to the subscribers in full.

The Company may, pursuant to the recommendations of a qualified engineer, abandon in whole or in part any of its properties or may alter as work progresses the work program or any portion of such work by other persons or companies and may use any money so diverted for the purpose of conducting work or examining other properties acquired by the Company after the date of this Prospectus, although the Company has no present plans in this regard. If any such event occurs during the primary distribution of the shares referred to in this Prospectus, an amendment to this Prospectus will be filed. If any such event occurs subsequent to completion of the primary distribution, shareholders will be notified.

DIRECTORS AND OFFICERS

<u>Name and Office Held</u>	<u>Address</u>	<u>Occupation During Past Five Years</u>
Earl Edward Weisbrod President/Director	11420 King Fisher Drive Richmond, B. C.	Catering Manager, Pacific Western Airlines
Kenneth Albert Sherlock Secretary/Director	2413 McBain Ave. Vancouver, B. C.	Chartered Accountant
Albert Fyfe Probyn Director	14531 Westminster Hwy. Richmond, B. C.	Mechanic, Dennison Motors Ltd.
Thomas Patrick Bowes Director	26720 - 48th Avenue, Langley, B.C.	Self employed Mining Promoter

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Pursuant to an agreement dated August 15, 1979, but subject to approval of regulatory authorities and the issuance of a Section 56 Determination pursuant to the Securities Act of British Columbia, directors share options have been granted as follows:

24,000 shares to Kenneth Albert Sherlock, exercisable at 50 cents per share on or before August 15, 1980 or 60 cents per share thereafter until August 15, 1981.

24,000 shares to Albert Fyfe Probyn, exercisable at 50 cents per share on or before August 15, 1980 or 60 cents per share thereafter until August 15, 1981.

32,000 shares to Earl Edward Weisbrod, exercisable at 50 cents per share on or before August 15, 1980 or 60 cents per share thereafter until August 15, 1981.

Earl Edward Weisbrod was one of the Vendors of the Harrison Lake property and received 250,000 escrow shares on vending that property to the Company. He presently holds 143,750 escrow shares as he transferred shares to facilitate the option of the Lexington property by the Company. Similarly, Kenneth Albert Sherlock received 250,000 shares as a Vendor of the Harrison Lake property, which he reduced to 140,500 shares.

The directors have received no other remuneration, except that Thomas Patrick Bowes has received \$3,650.00 for work done in acquiring and managing work on the Lexington property.



PROMOTERS

Earl Edward Weisbrod, Kenneth Albert Sherlock, Albert Fyfe Probyn and Thomas Patrick Bowes, being the directors of the Company, may be considered the Promoters of the Company in accordance with Section 2(1) of the Securities Act of British Columbia.

INCORPORATION WITHIN ONE YEAR -  
PRELIMINARY EXPENSES

As of September 14, 1979, the Company has incurred administrative expenses of \$14,620.00 and exploration and development costs of \$25,097.00. Further administrative expenses of \$6,000.00 are anticipated as costs related to the filing of this Prospectus and \$2,000.00 as a Listing Application Fee to the Vancouver Curb Exchange. The Company intends to expend funds in the amount of \$119,240.00 on exploration and development of its Lexington property.

PRINCIPAL HOLDERS OF SECURITIES

Set forth hereunder are the particulars of the principal holders of shares of the Company as of the date of this Prospectus.

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
Wendy Hynson 303-2445 W.3rd Vancouver, B.C.	Common	Of Record and Beneficial	500,000	31.2%
Earl Edward Weisbrod 11420 Kingfisher Richmond, B.C.	Common	Of Record and Beneficial	193,750	12.1%
Kenneth Albert Sherlock 2413 McBain Ave. Vancouver, B.C.	Common	Of Record and Beneficial	176,500	10.7%
George Fordham Jones 41 Bastion Sq. Victoria, B.C.	Common	Of Record and Beneficial	180,750	11.3%

The number and percentage of the shares of the Company beneficially owned, directly or indirectly, by all directors and senior officers of the Company as a group is as follows:

<u>Designation of Class</u>	<u>Number of shares</u>	<u>Percentage of Class</u>
Common	400,250	25.2%

### OPTIONS TO PURCHASE SECURITIES

Certain directors of the Company have an option to purchase 90,000 shares in total, exercisable on or before August 15, 1980 at 50 cents per share, or thereafter at 60 cents per share up to and including August 15, 1981, after which time the options expire.

### POOLED SHARES

Eight Hundred and Forty-three Thousand Five Hundred (843,500) shares of the capital stock of the Company sold for cash have been voluntarily pooled, pursuant to Pooling Agreements dated August 31, 1979, with Guaranty Trust Company of Canada, not to be released until the expiration of thirty days following the completion of the primary distribution of shares offered under this prospectus.

### ESCROWED SHARES

As of the date of this Prospectus, 750,000 shares are held in escrow by the Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, British Columbia, subject to the direction or determination of the Superintendent of Brokers of British Columbia (Superintendent). The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever, or released nor may the Company, its Transfer Agent or Escrow Holder make any transfer or record any trading of shares without the consent of the Superintendent.

In the event the Company loses or abandons or fails to obtain title to all or part of the property or assets for which it allotted all or part of the escrow shares, the Company will declare any such event to the Superintendent by way of Directors' Resolution and the holders of such shares, number of said shares, as the Superintendent determines shall have become subject to cancellation, and shall be surrendered to the Company by way of gift for cancellation. The complete text of the Escrow Agreements dated August 3 & 5, 1979 are available for inspection at the registered office of the Company, #1275 - 555 Burrard Street, Vancouver, British Columbia.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	750,000	47%

#### MATERIAL CONTRACTS

There are no other material contracts entered into by the Company within two years preceding the date of this Prospectus except as disclosed in this Prospectus. All material contracts herein described may be inspected at the registered office of the Company during normal business hours while primary distribution of the securities offered hereunder is in progress and for a period of thirty days thereafter.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Sections 61 and 62 of the Securities Act (British Columbia) provide, in effect, that where a security is offered to the public in the course of primary distribution:

- (a) A purchaser has the right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus together with financial statements and reports, and summaries of reports relating to the securities as filed with the Superintendent of Brokers, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
  
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

Schedule "A"

GRENOBLE ENERGY LIMITED

INDEX TO FINANCIAL STATEMENTS

September 14, 1979

AUDITORS' REPORT

BALANCE SHEET

SCHEDULE OF EXPENSES

SCHEDULE OF DEFERRED EXPLORATION COSTS

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

NOTES

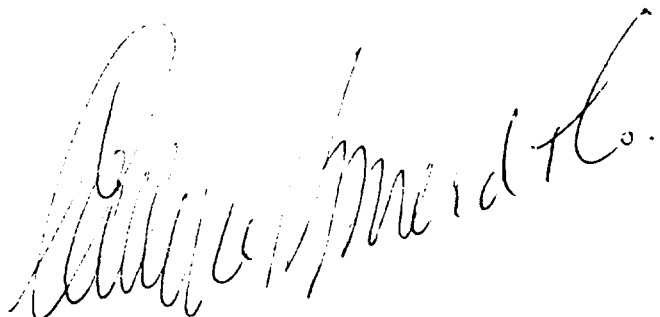
CARLYLE SHEPHERD & CO.  
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

We have examined the balance sheet of Grenoble Energy Limited as at September 14, 1979 together with the schedules of expenses and deferred exploration costs, statement of source and operation of funds and notes thereto for the period then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at September 14, 1979 and the results of its operations and changes in financial position for the period then ended, in accordance with generally accepted accounting principles.

Vancouver, B.C.  
September 20, 1979

A handwritten signature in cursive script, appearing to read "Carlyle Shepherd & Co.", is written over the printed name of the firm.

CARLYLE SHEPHERD & CO.  
CHARTERED ACCOUNTANTS

GRENOBLE ENERGY LIMITED

BALANCE SHEET

September 14, 1979

CURRENT

Cash	\$ 29,828	
Accounts receivable	1,440	
Prepays and deposits	<u>1,878</u>	\$ 33,146

MINERAL CLAIMS, at cost (note 3)		472,500
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FIXED, at cost		155
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DEFERRED EXPLORATION COSTS (note 2)		20,747
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INCORPORATION COSTS		<u>600</u>
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\$ 527,148

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT

Accounts payable and accruals	\$ 6,868	
Current portion of agreements payable	<u>20,000</u>	\$ 26,868

NON-CURRENT

Agreements payable (note 4)	402,500	
Current portion	<u>20,000</u>	382,500

SHAREHOLDERS' EQUITY

Share Capital (note 5)	136,750	
Deficit	<u>18,970</u>	<u>117,780</u>

\$ 527,148

APPROVED BY THE DIRECTORS

Earl E. Erickson Director

W.C. Hubok Director



GRENOBLE ENERGY LIMITED

SCHEDULE OF EXPENSES

June 1, 1979 To September 14, 1979

ADMINISTRATION

Automobile	\$ 881
Audit and accounting	1,050
Legal	4,350
Office and sundry	1,584
Promotion and business development	277
Rent	705
Salaries and secretarial	3,905
Telephone	880
Travel	988
	<u>14,620</u>

EXPLORATION

Survey costs for abandoned claim	<u>4,350</u>
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TOTAL	<u>\$ 18,970</u>
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GRENOBLE ENERGY LIMITED  
SCHEDULE OF DEFERRED EXPLORATION COSTS (NOTE 2)  
JUNE 1, 1979 TO SEPTEMBER 14, 1979

ENGINEERING AND CONSULTING	\$ 1,896
MANAGEMENT	3,650
SURVEY	13,400
TAXES AND LICENSES	446
TRAVEL	<u>1,355</u>
TOTAL	<u>\$ 20,747</u>

GRENOBLE ENERGY LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
September 14, 1979

SOURCE OF FUNDS

Agreements payable	\$ 382,500
Share capital	<u>136,750</u>
	<u>519,250</u>

APPLICATION OF FUNDS

Purchase of fixed assets	155
Incorporation costs	600
Deferred exploration costs	20,747
Expenses	18,970
Cost of mineral claims	<u>472,500</u>
	<u>512,972</u>

WORKING CAPITAL	<u>\$ 6,278</u>
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WORKING CAPITAL COMPRISED OF

Current assets	\$ 33,146
Current liabilities	<u>26,868</u>
	<u>\$ 6,278</u>

GRENOBLE ENERGY LIMITED

NOTES

September 14, 1979

1. INCORPORATION

The company was incorporated on June 1, 1979 under the laws of the Province of British Columbia.

2. DEFERRED EXPLORATION COSTS

The company has established a policy of deferring all exploration costs until such time as the projects are put into commercial production, sold or abandoned.

3. MINERAL CLAIMS

(a) Harrison Lake, B.C.

The company owns 12 staked mineral claims known as Rocco #III which were acquired from a group including two of the company's directors for a consideration of 450,000 shares of the company, currently held in escrow, with an attributed value of 1 cent per share.

(b) Greenwood, B.C.

The company has entered into various agreements to acquire a group of mineral claims collectively known as Lexington Property, situated at Greenwood, B.C.

The total consideration is \$468,000 of which \$62,500 was paid in cash and \$3,000 was satisfied by the issue of 300,000 escrowed shares with an attributed value of 1 cent per share.

The balance of the consideration is payable at various times between 1979 and 1989 (note 4).

4. AGREEMENTS PAYABLE

Under the terms of various agreements (note 3) the company is liable to make the following cash payments:

Upon release of funds raised by prospectus	\$ 15,000	
During 1980	5,000	
1981	23,500	
1982	70,000	
1984	<u>144,000</u>	\$ 257,500

Certain of these agreements require the company to pay additional amounts in certain circumstances:

- 2% of the net profits to a maximum of \$45,000, or cash in lieu, to be paid on or before September 25, 1983	45,000
- \$100,000, payable by 1989, by way of 1% of net smelter or refinery returns received from the sale or shipment of all ores or concentrates from the mineral claims specified in the agreement	<u>100,000</u>
	<u>\$ 402,500</u>

GRENOBLE ENERGY LIMITED

NOTES

September 14, 1979

5. SHARE CAPITAL

Authorized

5,000,000 shares without nominal or  
par value

Issued

1,601,500 shares

6. SHARE PURCHASE OPTIONS

Pursuant to an agreement dated August 15, 1979, directors share options have been granted as follows:

24,000 shares to Kenneth Albert Sherlock, exercisable at 50 cents per share on or before August 15, 1980 or 60 cents per share thereafter until August 15, 1981.

24,000 shares to Albert Fyfe Probyn, exercisable at 50 cents per share on or before August 15, 1980 or 60 cents per share thereafter until August 15, 1981.

32,000 shares to Earl Edward Weisbrod, exercisable at 50 cents per share on or before August 15, 1980 or 60 cents per share thereafter until August 15, 1981.

The directors have received no other remuneration.

Schedule "B"

**REPORT**

**on the**

**LEXINGTON COPPER — GOLD PROPERTY,  
GREENWOOD MINING DIVISION,  
BRITISH COLUMBIA**

**for**

**GRENOBLE ENERGY LIMITED**

**by**

**R. W. PHENDLER, P. ENG.**

**July 20, 1979**

**Vancouver, Canada**

## CONTENTS

	<b>Page</b>
<b>PART "A"</b>	
Summary and Conclusions .....	1
Recommendations .....	2
Cost Estimate .....	3
<b>PART "B"</b>	
Introduction .....	5
Location and Access .....	6
Property and Ownership .....	6
History .....	7
Geology and Mineralization .....	9
Mineral Reserves & Possibilities .....	11
Comment .....	12
Bibliography .....	13
Certification .....	14

## ILLUSTRATIONS

- Fig. 1 — Location Map    1" = 200 miles - frontispiece  
Fig. 2 — Property Map    1" = 1,000' - back of report  
Fig. 3 — Longitudinal Section - Main zone    1" = 100'



**LEXINGTON PROPERTY**

<b>LOCATION MAP</b>	
VANCOUVER	BRITISH COLUMBIA
<b>GRENOBLE ENERGY LIMITED</b>	
SCALE 1" = 200 Miles	
NTS.	DATE
FIG.No. 1	



## PART "A"

### SUMMARY AND CONCLUSIONS

Extensive exploration work including more than 8,800 meters of diamond and percussion drilling on this well-located property in southern British Columbia has indicated the presence of a gently plunging pipe-like mineral zone that may contain close to 900,000 tons grading 1.19% Cu and 0.171 oz. Au per ton.

The property lies close to Greenwood and a few kilometers south of the southern Trans Provincial Highway close to the U.S. border and the well known Phoenix copper property. First receiving attention in the 1890's, it was only recently in 1970 using modern exploratory techniques that a well defined copper - gold mineral zone was discovered and traced down plunge for 400 meters. Width is about 50 meters, thickness is 20 meters and host rock is a competent quartz porphyry 200 meters thick enclosed by serpentine.

About 110,000 tons averaging 0.92% Cu and 0.064 oz. Au per ton is available by open pit methods while 500,000 tons grading 1.25% Cu and 0.195 oz. Au per ton is considered available by underground mining methods.

Included in the reserves are 174,000 tons of material that is composed of discontinuous lenses that can be selectively mined and is of much higher grade — 2.41% Cu and 0.46 oz. Au per ton.

It is felt that sufficient exploratory work has been carried out and that underground testing is indicated. No better time can be expected to present itself with gold at an all time high (\$350 Canadian funds per ounce) and copper close to one dollar per pound and predicted by many to double within a couple of years.

## **RECOMMENDATIONS**

PHASE I — It is recommended that:

### **PART 1**

- 1) The survey grid be re-established, flagged, chained and brushed out to enable its use as a topographic control.
- 2) The diamond drill holes be located, marked and surveyed.
- 3) Roads be rehabilitated and the buildings on the property be made habitable.
- 4) The location for the proposed decline be surveyed seismically to determine depth to bedrock and the actual portal area, when determined, be prepared for development.

### **PART 2**

- 1) A 200 meter decline be driven to reach Drill Hole No. 4, which has significant copper -gold assays.
- 2) Diamond drilling be carried out from the decline to locate with more accuracy the outlines of the copper - gold mineral zones.
- 3) Exploration raises be driven from the decline, which will be below the mineral zone to determine grade, thickness and general character of the mineral zones.
- 4) Metallurgical testing be carried out on the mineralized material.

### **PHASE II**

- 1) The decline be continued an additional 300 meters to provide drilling and development access to the entire length of the mineral zone as presently indicated by surface diamond drilling.
- 2) Underground diamond drilling be continued to outline mineable pods of copper - gold mineralization.
- 3) A feasibility study be conducted on the viability of mining the deposit.
- 4) Additional raising be carried out to explore and prepare mineable pods for exploitation.

## COST ESTIMATE

### PHASE I

#### Part 1

1) Re-establish grid	—	\$ 3,000	
2) Resurvey drill holes	—	\$ 3,000	
3) Rehabilitate roads, etc.	—	2,000	
4) Seismic survey and prepare portal site	—	<u>5,000</u>	
		\$18,000	
10% contingencies	—	1,800	
TOTAL	—		<u><u>\$ 19,800</u></u>

#### Part 2

1) Drive decline 200 meters @ \$300/meter	—	\$60,000	
2) Diamond drill 300 meters @ \$60/meter	—	18,000	
3) Development raises - 20 meters @ \$180/meter	—	3,600	
4) Metallurgical test	—	3,000	
5) Engineering & Geology	—	<u>5,800</u>	
		\$90,400	
10% contingencies	—	<u>9,040</u>	
TOTAL	—		<u><u>\$99,440</u></u>
GRAND TOTAL - Phase 1	—		<u><u>\$119,240</u></u>

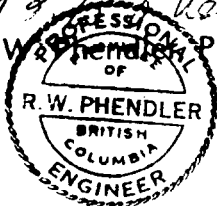
The sum of \$120,000 should be made available to carry out the above program.

PHASE II

1) Drive decline 300 meters @ \$300/meter	—	\$90,000
2) Underground diamond drilling 800 meters @ \$60/meter	—	48,000
3) Development raises - 100 meters @ \$180/meter	—	18,000
4) Feasibility study	—	14,000
5) Engineering and geology	—	<u>12,000</u>
Total	—	\$182,000
10% contingencies	—	<u>18,200</u>
GRAND TOTAL — Phase II	—	<u>\$200,200</u>

The results of Phase I should determine if Phase II be undertaken.

Respectfully submitted,

*R. W. Phendler P. Eng.*  
R. W. Phendler P. Eng.  
A circular professional seal for R. W. Phendler, a Professional Engineer in British Columbia. The seal contains the text: "PROFESSION OF R. W. PHENDLER OF BRITISH COLUMBIA ENGINEER".

## PART "B"

### INTRODUCTION

At the request of Mr. E. Weisbrod, President of Grenoble Energy Limited, the writer agreed to undertake to compile all information on the Lexington property.

During 1970 the writer, when in the employ of Bacon and Crowhurst, Ltd. — Vancouver mining and geological consultants, made numerous visits to the Lexington property when Lexington Mines Ltd. was actively engaged in conducting an extensive exploration program consisting of diamond drilling, geochemistry, geophysics and mapping. The writer laid out and supervised the last half of the drilling program, planned the geochemical and geophysical surveys and examined all of the mineralized drill core. Visits were made to the property on February 14, April 9 - 10, May 6 - 7 and June 10, all in 1970. When the property was optioned to Aalenian Resources Ltd. in 1974 the writer again was involved in planning a program of drilling and bulk sampling. A visit was made to the property on November 18, 1974.

Since that time no additional work has been carried out on the property and when the claims were acquired by Grenoble Energy Limited, the principals felt that the writer's familiarity with the property should be utilized.

All original documents, maps, etc., are in the hands of the writer. This includes original log sheets and assay certificates of all diamond drilling carried out on the property.

## LOCATION AND ACCESS

The Lexington property is located at an elevation of 1200 - 1300 meters close to the U.S. border in south central British Columbia. Greenwood, on the southern Trans Provincial Highway (Route 3) is 11 kilometers northwest of the property and about 510 road kilometers east of Vancouver.

Access to the Lexington property is by a good gravel road, which starts at highway 3 about 3½ kilometers southwest of Greenwood. This road plus its many branches provides easy access to all parts of the claim group. The area is moderately to heavily timber covered and topography is moderate.

The area in which the exploration has been conducted is drained to the south through Goosmus Creek. This creek provides ample water for drilling.

Two buildings exist on the claims — a log cabin and a core shack. Present state of repair is unknown.

## PROPERTY AND OWNERSHIP

The Lexington property consists of the following claims:

Name	Number	Status	Registered Owner
No. 5	L 1878	Reverted Crown Grant	Kent Energy Ltd.
Maria Stuart	L 868	Reverted Crown Grant	Kent Energy Ltd.
City of Paris	L 622	Crown Grant	M.F. Johnson (75%) R.C. Church (25%)
Lincoln	L 621	Crown Grant	M.F. Johnson (75%) R.C. Church (25%)
No. 4	L 791	Crown Grant	M.F. Johnson (75%) R.C. Church (25%)
St. Lawrence	Record #1000	Crown Grant	Peter Casorso, Kelowna
New Jack of Spades	Record # 996	Crown Grant	Peter Casorso, Kelowna
Excelsior	Record #1351	Crown Grant	Engelbert Sperling, Kelowna
Cuba	Record # 997	Crown Grant	Engelbert Sperling, Kelowna
Holly #12	Record #1282	located claim	R. Sostad
Holly #1	Record #1271	located claim	R. Sostad
Holly #3	Record #1273	located claim	R. Sostad

City of Vancouver	L 2013	Crown Grant	Notre Dame des Mines, Ltd.
Lexington	L 645	Crown Grant	Notre Dame des Mines, Ltd.
City of Denver	L 1161	Crown Grant	Notre Dame des Mines, Ltd.
Notre Dame des Mines (Fr)	L 1095	Crown Grant	Notre Dame des Mines, Ltd.
Oro	L 614	Crown Grant	Notre Dame des Mines, Ltd.
Oro Fr.	L 1096	Crown Grant	Notre Dame des Mines, Ltd.
Puyallup	L 1152	Crown Grant	Notre Dame des Mines, Ltd.
Golden Cache Fr.	L 955	Crown Grant	Notre Dame des Mines, Ltd.

All the above claims are being optioned to Grenoble Energy Limited

## HISTORY

The Lexington claim group is in the famous old Phoenix - Greenwood mining camp where the first copper discoveries were made in 1890. During the subsequent thirty years about 22 million tons of 1.5% copper ore was produced, most of it coming from the Phoenix property and the remainder from small scattered occurrences.

In 1892 work began in the City of Paris area, where two shafts were sunk and underground development was carried out on a pyrite- chalcopyrite-rich quartz vein. On the nearby Lincoln claim 200 meters to the southeast, a shaft was sunk on a tetrahedrite-bearing quartz vein.

In 1898 the crosscut (270 meters) which can be entered today was driven on the City of Paris Mine (actually on the Lincoln claim). This property produced for only one year yielding 2100 tons averaging 3.12% Cu, 0.40 oz. Au and 2.1 oz. Ag per ton. The mine was dormant until 1922 when prospecting was carried out and a small production was realized in 1938. The nearby Mabel Mine produced 100 tons averaging 0.12 oz. Au and 0.34 oz. Ag.

The Lone Star Mine, which produced sporadically between 1890 and 1920 yielded 40,000 tons of ore grading 2.00% Cu, 0.032 oz. Au and 0.19 oz. Ag per ton. This property again was put into production in 1972-75 producing 80,000 tons averaging 1.5% Cu. This ore was shipped to and treated at the Phoenix mill of Granby Mining Co. Ltd.

In 1957 the Phoenix property was re-appraised and brought into production as a low grade (0.80% Cu) open pit operation. Production continued until the mid 1970's.

In 1962 the old Mabel Mine was appraised by King Midas Mines Ltd. but results from exploration work, consisting of geophysical, geochemical work and trenching, apparently did not warrant additional expenditures.

In 1967 Lexington Mines Ltd. under the direction of Mr. Fred Reid acquired the claims covering the Mabel, Lexington and City of Paris Mines and gradually increased their holdings to 132 claims and mineral leases in 1970. During 1968 extensive exploration work was carried out with favourable results, the principal being the discovery of numerous induced polarization conductors. Diamond drilling commenced on April 3, 1969 and continued until July 27, 1970, completing over 5,500 meters in thirty-three drill holes. The last half of the program was under the supervision of the writer and this drilling outlined a gently-dipping pipe-like zone of mineralization 400 meters in length (minimum), 50 meters in width with an average thickness of 20 meters. Indicated tonnage was 1,100,000 averaging 0.93% Cu and 0.13 oz. Au (uncut). This was referred to as the "Main" zone.

In 1972 Granby Mining Co. Ltd. optioned the property and in October and November of that year 2000 meters was drilled in 37 percussion holes. Only three of these holes were drilled into the previously indicated mineral zone, confirming grades and thickness. However, the purpose of the program was to explore induced polarization anomalies on the property indicated in a 1971 survey.

In early 1974 the central claims totalling 76 Crown Grant claims, mineral leases and mineral claims was optioned to Aalenian Resources Ltd. During this year Aalenian carried out additional surveys and drilled 13 percussion holes totalling 974 meters and four NQ diamond drill holes totalling 330 meters. Because of the fractured nature of the ground and the turbulence caused by the numerous cracks, the loss of drill cuttings was high and contamination, sample by sample was considered to be extreme in the percussion drilling. In spite of this, significant mineralization was encountered. Diamond drill results (NQ) are considered to be more reliable and the Aalenian holes all encountered grades in line with the original drill holes.

Unstable political conditions dictated that the option be dropped and no interest was shown in the property until recently when Grenoble Energy Limited acquired the key claims.



## GEOLOGY AND MINERALIZATION

The area in which the Lexington property is located is underlain by a northwesterly striking 1.6 kilometer wide belt of Paleozoic (?) gneiss and schist bounded on the north and south by zones of Paleozoic or Early Mesozoic metavolcanic and metasedimentary beds. These rocks are cut by a wide variety of igneous intrusions including a porphyritic quartz feldspar stock (dacite) and a few large serpentine and gabbro dyke-like bodies. Also, dykes and irregular shaped diorite intrusions are found throughout the area cutting many of the units. The youngest rocks consist of a few pulaskite and basalt dykes and a small outlier of Tertiary conglomerate.

The serpentine intrusives are sill like bodies that enclose a thick band of quartz porphyry (dacite) intrusive that has been traced on surface for 1800 meters in the southeast part of the claim group. These formations strike northwest and dip 20° to the northeast. The enclosed quartz porphyry contains subhedral quartz phenocrysts and composite quartz eyes set in a matrix of small rectangular plagioclase crystals, chloritized biotite and interstitial fine grained quartz and feldspar. It is a very competent rock and can be expected to present few mining problems.

The underlying and overlying serpentine is composed almost entirely of feathery and platy serpentine minerals with veins and disseminations of magnetite, carbonates and pyroxenes. It is suggested that mine openings be kept clear of this rock type, because of its platy cleavage and general incompetence.

Exploration since 1970 has been focused on the widespread copper-gold mineralization associated with the quartz porphyry intrusion in the City of Paris area. This mineralization is contained roughly within a 1000 meter long, 300 meter wide segment of the porphyry between the serpentine bodies.

The principal mode of occurrence of the main minerals, pyrite and chalcopyrite, is in fractures and disseminations and to a lesser extent in quartz stockworks. The rock is commonly leached at the surface with fracture faces being coated with limonite and malachite or black manganese oxide.

Fractures are strongly developed locally and the intensity of mineralization appears to be proportional to the relative development of fractures (after Dr. N. Church of the British Columbia Department of Mines).

Assay results of a detailed sampling of surface trenches by Dr. Church in 1972 shows an average grade of 0.23% Cu on eleven composite chip samples collected over a total length of 230 meters. This grade appears to be rather common throughout the 200 meter thick band of porphyry but in no way is typical of the entire zone: it is probably closer to 0.10% Cu.

The better concentrations of copper-gold mineralization appear to be confined to the upper and lower limits of the quartz porphyry intrusive within 30 meters of the enclosing serpentine. The old City of Paris Mine explored and developed a vein system consisting of two discontinuous subparallel veins near the upper limit of the quartz porphyry in contact with the overlying serpentine. Most of the ore (2100 tons) was removed in 1900 and averaged 3.14% Cu and 0.40 oz. Au per ton.

Of the 32 diamond drill holes and 31 percussion holes put down in the vicinity of the Main mineral zone, 21 intersected interesting mineralization that appears to lie in a continuous mineral zone. These holes are as follows:

Hole No.	Core intersection	% Cu	oz. Au per ton
D.H. 26	16.97 meters	0.99	0.08
D.H. 25	9.09 meters	0.36	0.02
D.H. 21	23.64 meters	1.21	0.23
D.H. 33	8.48 meters	1.08	0.02
D.H. 4	24.24 meters	1.16	0.25
D.H. 13	16.36 meters	1.23	0.10
D.H. 32	11.82 meters	0.40	0.004
D.H. 11	16.06 meters	0.46	0.05
P-8	12.12 meters	0.29	not assayed
D.H. 1	19.39 meters	0.61	0.02
P-12	16.67 meters	0.90	not assayed
D.H. 28	9.09 meters	0.30	0.003
P-11	12.12 meters	0.26	not assayed
P-74-2	12.12 meters	0.75	0.08
P-74-2	44.55 meters	0.37	0.03
P-74-8	9.09 meters	0.32	0.02
P-74-9	9.09	0.38	0.05
P-74-9	3.03	0.41	0.008
P-74-11	18.18	0.31	0.03
P-74-12	18.18	0.33	0.03

*unreliable due to excessive drilling cuttings loss*

Results from P-74-2 to P-74-12 are considered unreliable due to excessive loss of drilling cuttings.

P-36	9.39	0.63	0.14 ✓
P-37	8.18	1.21	0.22 ✓

Diamond drill hole 27, the southeasternmost hole was drilled vertically to intersect the "Main" mineral zone close to the axis and 60.6 meters down dip from D.H. 26 which cut 17.0 meters averaging 0.99% Cu and 0.08 oz. Au per ton. This hole (27) intersected a large northerly striking pulaskite dyke in the area of the projected mineral zone. On surface this dyke is about 30 meters wide. There is no reason not to believe that the "Main" mineral zone continues in depth east of the pulaskite dyke.

The "Main" mineral zone is believed to project to surface at the northwest end but is not visible due to overburden. Hole P-74-11 entered mineralization at a depth of 9 meters.

### MINERAL RESERVES AND POSSIBILITIES

An attempt was made to calculate tonnage and grade of the "Main" mineral zone, as intersected in holes drilled to date. Assay information was projected halfway to the nearest adjoining drill hole, be it in non-commercial or near-commercial material. Where no adjacent holes were drilled, assay and thickness information was projected for a distance of 15.15 meters (50 feet) up and down the dip (NE and SW) and a maximum of 30.30 meters (100 feet) slope distance along the strike or plunge of the mineral zone. Core intersection thicknesses of the mineral zone were used and a tonnage factor of ten cubic feet per ton (or 3.0 tons per cubic meter) was applied.

A summary of reserves is as follows:

#### DRILL INDICATED PROBABLE

Classification	Tons	% Cu	oz. Au/ton	Comment
Open pit	113,340	0.92	0.064	Stripping ratio of 4.65:1
<u>Underground</u>	<u>503,670</u>	<u>1.25</u>	<u>0.195</u>	Long hole stoping - 13 mtrs thick
Total	616,670	1.19	0.171	

Included in the reserves available from underground is a series of lenses of higher grade material that averages 5.15 meters thick and totals 174,700 tons averaging 2.41% Cu and 0.46 oz. Au.

An additional 209,000 tons of drill indicated possible reserves are believed to exist within the "Main" mineral zone, based on geological projections no greater than 60 meters from drill hole information. This is based on the greater thickness (13.0 meters) of the lower grade material. Of this tonnage, 53,000 tons are believed to be composed of higher grade lenses that could be mined selectively.

The higher grade material consists of a number of discontinuous lenses and is based on information derived from the following drill holes:

*TOTAL zone thickness*

D.H. No.	Thickness	Dimensions	Tons	% Cu	oz. Au
13	12	150' x 100'	18,000	2.16	0.27
37 ✓	10	130' x 100'	13,000	2.50	0.51
36 ✓	11	100' x 30'	3,300	1.22	0.35
4	50'	120' x 120'	72,000	2.12	0.32
21	16'	200' x 120'	38,400	3.86	0.98
26	15'	200' x 100'	30,000	1.52	0.21
Total, averages			174,700	2.41	0.46

The thicknesses in some cases are composed of more than one zone in the same drill hole in the same general vicinity. The material can be considered drill indicated probable.

Good possibilities exist for the discovery of additional length to the "Main" mineral zone and for the locating of other similar zones.

### COMMENT

Exhaustive geochemical and geophysical surveys over the areas underlain by dacite have led to the discovery of a number of co-incident anomalies. Some of them have been tested by percussion drilling while others remain to be explored. It is felt that this work should not be carried out at this time but all efforts should be put into the underground exploration and development of the "Main" mineral zone.

Respectfully submitted,

July 25, 1979



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- 1) Church, B.N. — "Report on the Lexington Property in the Geology, Exploration & Mining" — British Columbia Department of Mines - 1971, April 18.
- 2) Phendler, R.W. & Crowhurst, J.J. — "Report on the Lexington Copper Property — Greenwood, British Columbia" - March 23, 1970.
- 3) Crowhurst, J.J. — "Report on the property of Lexington Mines, Greenwood Mining Division, B.C." - April 26, 1971.
- 4) Phendler, R.W. — "Report on the Lexington Property, Greenwood, for Aalenian Resources Ltd." - February 12, 1974.
- 5) Phendler, R.W. — "Interim Report on the 1974 drilling program at the Lexington Mine, Greenwood, B.C." - December 9, 1974.
- 6) Homenuke, A. — "Compilation Report on the Greenwood Gold Copper property (Lexington Option)" - March 12, 1975.

## CERTIFICATION

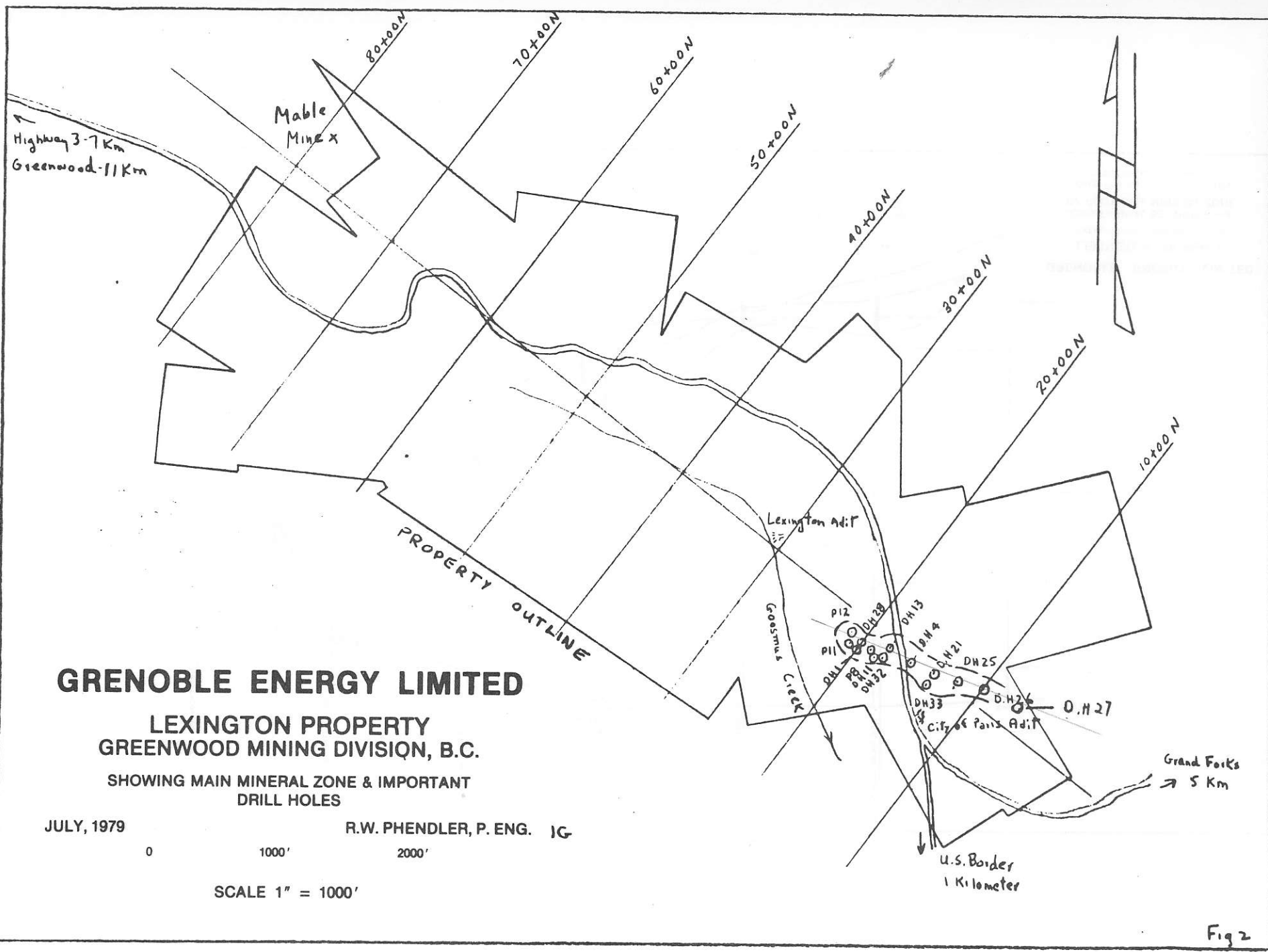
I, Roy William Phendler, of the City of Vancouver, in the Province of British Columbia, hereby certify as follows:

- 1) That I am a registered Professional Engineer in the Province of British Columbia, No. 4421 - 1963.
- 2) That I am a graduate of McGill University, Montreal, Quebec with a Bachelor of Science degree in Geology.
- 3) That I have practiced my profession as geologist continuously for the past twenty-five years in Quebec, Ontario, Saskatchewan, Nova Scotia, Newfoundland, British Columbia and the Yukon and Northwest Territories in Canada; in the U.S.A., Mexico, Peru, Colombia and Chile in South America.
- 4) That I have not received nor do I expect to receive any interest directly or indirectly in the Lexington property of Grenoble Energy Limited or any affiliated company nor do I own directly or indirectly any securities of the companies or any affiliated companies.
- 5) That the information contained herein was compiled as a result of my examination of the Lexington Property on February 14, April 9 -10, May 6 - 7, June 10, 1970 and November 18, 1974.

*R. W. Phendler, P. Eng.*  
PROFESSIONAL  
ENGINEER  
OF  
BRITISH  
COLUMBIA  
R. W. PHENDLER B.Sc., P. Eng.

Vancouver B.C., Canada

July 25, 1979



**GRENOBLE ENERGY LIMITED**

**LEXINGTON PROPERTY  
GREENWOOD MINING DIVISION, B.C.**

SHOWING MAIN MINERAL ZONE & IMPORTANT  
DRILL HOLES

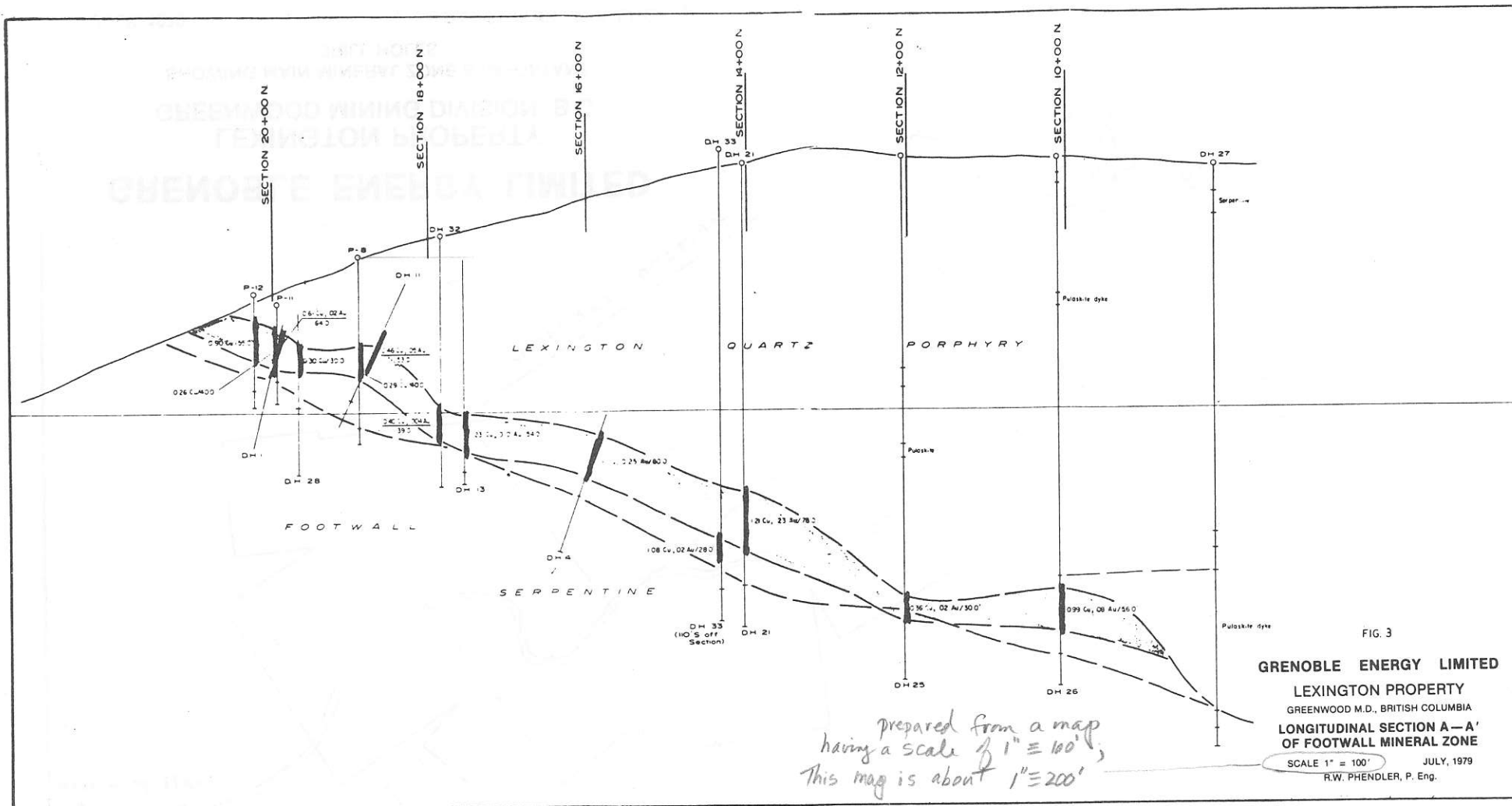
JULY, 1979

R.W. PHENDLER, P. ENG. IG

0 1000' 2000'

SCALE 1" = 1000'

Fig 2





Schedule "C"

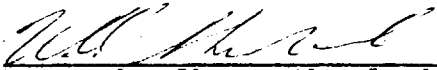
CERTIFICATE

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of the Securities Act (British Columbia) and the regulations thereunder.

DATED this 30th day of October 1979.



Earl Edward Weisbrod  
President/Director/Promoter



Kenneth Albert Sherlock  
Secretary/Director/Promoter



Albert Fyfe Probyn  
Director/Promoter



Thomas Patrick Bowes  
Director/Promoter