

LOCATION AND ACCESS

New Grenoble

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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:

15 c.g. 2. l.c. 2. v. c.g.

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 ¹	M.F. Johnson (75%) R.C. Church (25%)
Lincoln	L 621	Crown Grant ²	M.F. Johnson (75%) R.C. Church (25%)
No. 4	L 791	Crown Grant ³	M.F. Johnson (75%) R.C. Church (25%)
St. Lawrence	Record #1000	Crown Grant ⁴	Peter Casorso, Kelowna
New Jack of Spades	Record # 996	Crown Grant ⁵	Peter Casorso, Kelowna
Excelsior	Record #1351	Crown Grant ⁶	Engelbert Sperling, Kelowna
Cuba	Record # 997	Crown Grant ⁷	Engelbert Sperling, Kelowna
Holly #12	Record #1282	located claim ⁸	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 ⁵	Notre Dame des Mines, Ltd.
Lexington	L 645	Crown Grant ⁹	Notre Dame des Mines, Ltd.
City of Denver	L 1161	Crown Grant ¹¹	Notre Dame des Mines, Ltd.
Notre Dame des Mines (Fr)	L 1095	Crown Grant ¹²	Notre Dame des Mines, Ltd.
Oro	L 614	Crown Grant ¹³	Notre Dame des Mines, Ltd.
Oro Fr.	L 1096	Crown Grant ¹⁴	Notre Dame des Mines, Ltd.
Puyallup	L 1152	Crown Grant ¹⁵	Notre Dame des Mines, Ltd.
Golden Cache Fr.	L 955	Crown Grant ¹⁶	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 ~~30,000 tons averaging 1.5% Cu.~~ This ore was shipped to and treated at the Phoenix mill of Granby Mining Co. Ltd.

*approx 400,000 tons of
close to 1% copper - .02 oz gold*

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.

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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 55.7'	0.99	0.08
D.H. 25	9.09 meters 29.8'	0.36	0.02
D.H. 21	23.64 meters 77.6'	1.21	0.23 112.13
D.H. 33	8.48 meters 27.8	1.08	0.02
D.H. 4	24.24 meters 79.5	1.16	0.25
D.H. 13	16.36 meters 53.7	1.23	0.10
D.H. 32	11.82 meters 38.8	0.40	0.004
D.H. 11	16.06 meters 52.3	0.46	0.05 24.38
P-8	12.12 meters 39.8	0.29	not assayed
D.H. 1	19.39 meters 63.6	0.61	0.02
P-12	16.67 meters 54.7	0.90	not assayed
D.H. 28	9.09 meters 29.8	0.30	0.003
P-11	12.12 meters 39.8	0.26	not assayed
P-74-2	12.12 meters 39.8	0.75	0.08 39.
P-74-2	44.55 meters 146.2	0.37	0.03
P-74-8	9.09 meters 29.8	0.32	0.02
P-74-9	9.09 29.8	0.38	0.05
P-74-9	3.03 9.9	0.41	0.008
P-74-11	18.18 59.6	0.31	0.03
P-74-12	18.18 59.6	0.33	0.03

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

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.

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:

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'	<u>30,000</u>	<u>1.52</u>	<u>0.21</u>
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.

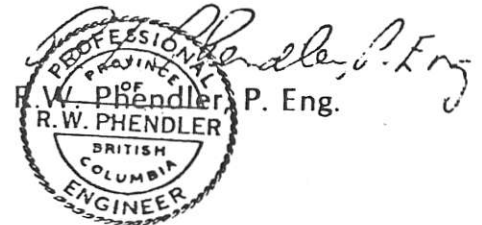
Good possibilities exist for the discovery of additional length to the "Main" mineral zone and for the locating of other similar zones.

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



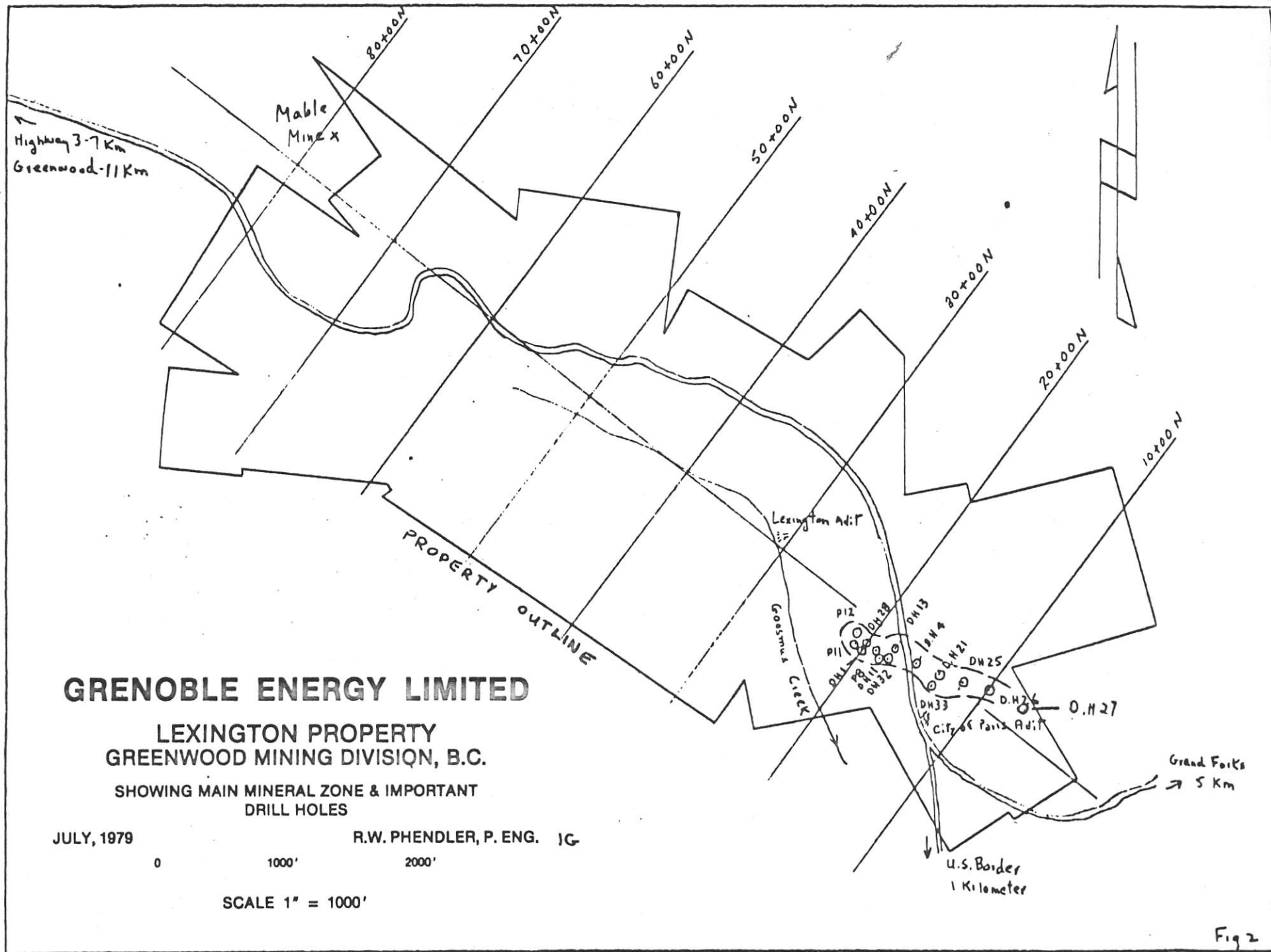


Fig 2