

**GRENOBLE ENERGY
LIMITED**



1015 - 470 Granville Street, Vancouver, B.C. V6C 1V5 • (604) 669-3349

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KERR ADDISON MINES LTD.

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June 4, 1981.

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Dear Shareholder,

I have taken the liberty of sending you an information packet about Grenoble Energy Limited.

Grenoble's Lexington property, near Greenwood, B.C., contains gold, copper and silver. Teck Corporation, whose fine reputation is widely known, is currently conducting an exploration program on the property. Details on this and other corporate matters are summarized in the table of contents.

Should you require additional information, a request form has been included for your convenience.

Please don't hesitate to write or call me if I can be of further service to you.

Yours very truly,

Earl Weisbrod
President

EW/imj

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Section 1

Introduction to Grenoble Energy Limited

Grenoble Energy Limited (V.S.E. trading symbol: GRN) is a British Columbia - based natural resources company whose principal assets are the gold/copper/silver claims known as the Lexington property, situated a few miles outside Greenwood, B.C. Greenwood is close to the U.S. border, about 320 miles east of Vancouver, B.C.

This property is currently being explored by Teck Corporation, a fast - growing Canadian exploration, mining and smelting firm. Teck became interested in Grenoble following the latter's 1980 development program that confirmed the existence of a long, pipe-shaped mineralization zone which engineers had discovered in 1970. This zone was estimated to hold 900,000 tons of an average grade of 0.171 ounces per ton (uncut) of gold and 1.19 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.

Future Plans

Looking to the future, Grenoble is applying to the regulatory authorities for approval of another financing.

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The additional funds will be used to commence oil and gas exploration and development in the United States as well as to conduct a work program on the company's Harrison Lake, B.C. property. The \$85,000 program recommended by W.G. Timmins, P. Geol. will yield more information on this property. Grenoble is presently negotiating for participation in oil and gas plays in Oklahoma, Kansas and the Austin Chalk formation in Texas.

Additional information on Grenoble, including the history of its property, assays and maps and other corporate information, follow.

Section 2 cont.

- 1972 Granby Mining Co. Ltd. drilled 6,000 feet in 37 percussion holes. Only three were drilled into the previously indicated mineral zone but they confirmed grades and thicknesses.
- 1974 Aalenian Resources Ltd. drilled 13 percussion holes totalling 3,000 feet and four NQ diamond drill holes totalling 1,000 feet on the central claims. The Aalenian holes all encountered grades in line with the original drill holes. The option was dropped due to unstable political conditions.
- 1979
(June) Grenoble Energy Limited was incorporated under the laws of the Province of British Columbia. Grenoble acquired the 20 claims comprising the Lexington property between June and August, 1979.
- 1979 ,
(fall) As recommended in Part 1 of Phase 1 of the Lexington program recommended by R.W. Phendler, P. Eng., a seismic survey, road rehabilitation, re-establishment of the grid and re-survey of drill holes were carried out.
- 1980
(Feb) Primary issue of 300,000 shares of Grenoble Energy Limited was fully subscribed. Shares were posted for trading on the Vancouver Stock Exchange. Roy Phendler solicited bids for Phase 2 of Part 1 of the work program.
- 1980
(April) Grenoble concluded an agency agreement with Canarim Investment Corporation Ltd. to sell 300,000 shares of which 163,600 were sold on a best-efforts basis.

Section 2

ABBREVIATED HISTORY OF LEXINGTON PROPERTY AND GRENoble ENERGY LIMITED

The Lexington claim group is in the famous Phoenix-Greenwood mining camp where the first copper discoveries were made in 1890. In the 30 years following, some 22 million tons of 1.5 percent copper ore was processed, most of it coming from the Phoenix property.

- 1957 Phoenix property reappraised and brought into production as a low grade (0.80% Cu) open pit operation. Production continued until the mid-1970's.
- 1968 Lexington Mines Ltd. carried out extensive exploration work, discovering numerous induced polarization conductors on three claims, two of which are currently held by Grenoble.
- 1969 Lexington Mines Ltd. began diamond drilling on April 3, and continued until July 27, 1970, completing almost 18,000 feet in 33 drill holes. The last half of the program was under the direction of R. W. Phendler, P. Eng., now Grenoble Energy's consultant on this property. The drilling outlined the pipe-shaped zone with an indicated tonnage of 1.1 million averaging 0.93 percent Cu and 0.13 ounces per ton Au.

Section 2 cont.

1980 (May) The driving of an exploratory adit, a raise into the mineral zone and diamond drilling commenced.

1980 (Aug.) The seven underground A-Q diamond drilling holes, drilled from the adit, were completed. One lower case particularly well mineralized intersection was noted in the first hole. The intersection was highly significant in view of the fact the R.W. Phendler reported the existence, within the main body, of a high-grade zone comprising some 175,000 tons of copper-gold mineralization averaging 2.41 percent Au and 0.46 ounces per ton Au.

<u>Drill Hole</u>	<u>From-to</u>	<u>Width</u>	<u>%Cu</u>	<u>oz/ton Au</u>	<u>oz/ton Ag</u>
D.D. # 1	104'-112'	8'	13.28	1.524	1.58
	112'-120'	8'	6.26	0.744	1.14
D.D. # 4	42'-48'	6'	1.35	0.08	0.10
	48'-55'	7'	1.58	0.224	0.10
	55'-62'	7'	2.27	1.328	0.15
	76'-81'	5'	2.27	1.082	0.10
D.D. # 5	62'-67'	5'	1.51	0.286	0.08
	67'-74'	7'	4.19	0.204	0.53

1980 (Sept.) Following the issue of another 100,000 shares, Grenoble raised over \$200,000 to continue the Lexington work program.

1981 (Jan.) Grenoble Energy held preliminary discussions with four major mining companies who expressed interest in further development of the Lexington property.

Section 2 cont.

1981 Grenoble signed an agreement with Teck Corporation
(Mar.) covering further exploration of the Lexington property
See Section 5 for further details.

1981 Teck Corporation began a 10,000 foot NQ Wire Line
(April) Diamond Drill program on the property.

1981 Teck released assays on three holes that the company
(May) had drilled.

Section 3

LEXINGTON PROPERTY ASSAYS

Extensive surface diamond drilling on the Lexington property a decade ago outlined 900,000 tons of mineralized material averaging 1.19 percent Cu and 0.171 ounces Au per ton (uncut) in a gently plunging, pipe-like mineral zone. This zone was believed to be some 1500 feet long, 150 feet wide and 60 feet high.

In the summer of 1980, a 380 foot long adit was driven and 20 drill holes were completed, totalling 3,485 feet. Most of the holes were drilled at low angles to the mineralized zone. The accompanying map shows the location of all drill holes.

Significant mineralization was encountered in 10 holes:

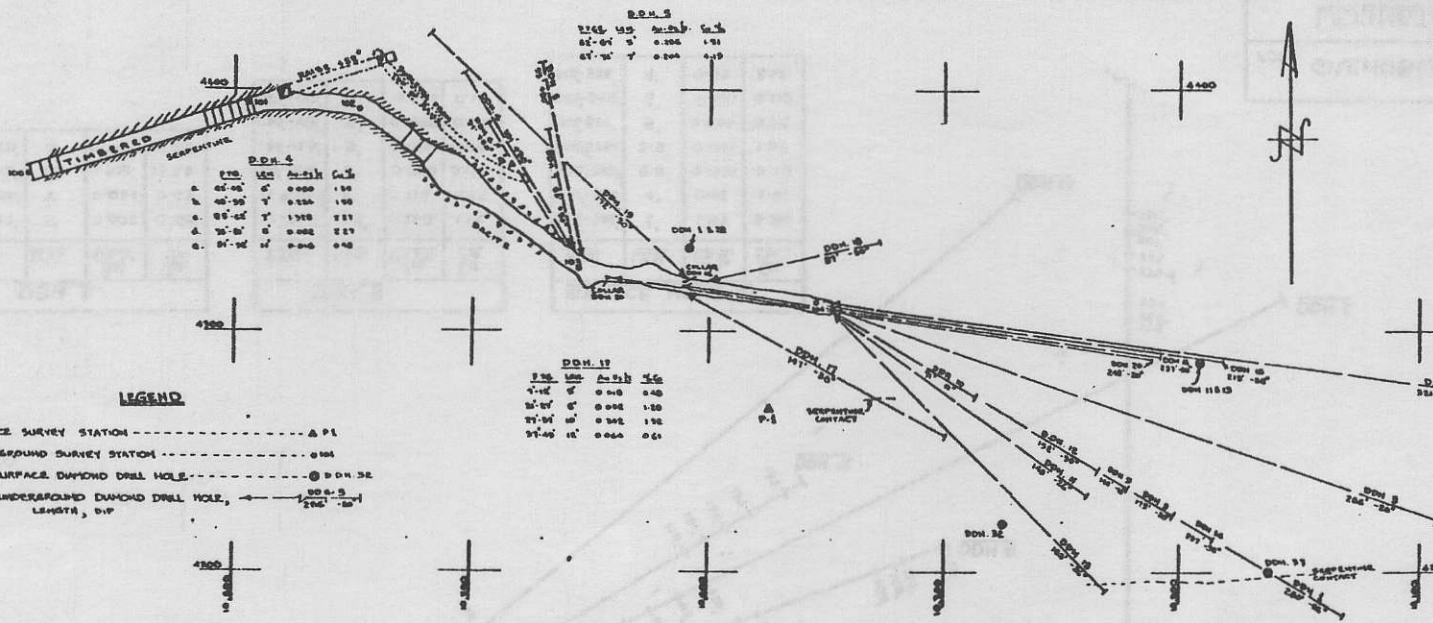
<u>Drill Hole No.</u>	<u>From - To</u>	<u>Width</u>	<u>%Cu</u>	<u>oz/tonAu</u>	<u>oz/tonAg</u>
1	90' - 120'	30'	5.50	0.610	-
2	116' - 240'	124'	0.38	0.156	-
5	62' - 74'	12'	2.99	0.238	-
8	73' - 86'	13'	0.55	0.188	-
12	118' - 130'	12'	2.46	1.007	-
13	23' - 46'	23'	0.68	0.033	-
13	123' - 128'	5'	0.58	0.068	-
13	148' - 151'	3'	0.70	0.072	-
16	6' - 122'	116'	0.94	0.072	-
17	21' - 49'	28'	1.01	0.121	-
20	57' - 26'	39'	0.67	0.063	-
20	185.5- 213'	27.5'	2.59	0.516	0.56

Teck Explorations Ltd. has been drilling on the Lexington property since April 6, 1981. The following are the results of assays released to date (May 21, 1981):

Section 3 cont.

<u>Hole No.</u>	<u>Depth (ft.)</u>	<u>Intercept (ft.)</u>	<u>Au oz/ton</u>	<u>%Cu</u>
T-38	521.6 - 525.0	3.4	0.0863	1.419
	613.5 - 634.8	21.4	0.161	0.50
T-39	493.1 - 496.5	3.4	0.023	1.085
	531.5 - 558.7	27.2	0.148	0.87
	581.4 - 598.1	16.7	0.113	1.03
T-40	549.9 - 551.2	1.3	0.047	1.090

Highlights of the first three holes.



DDH 4

ZONE	LEN	DIR	GRD
a. 02'-00"	0'	0.000	1.00
b. 02'-00"	0'	0.000	1.00
c. 02'-00"	0'	0.000	1.00
d. 02'-00"	0'	0.000	1.00
e. 02'-00"	0'	0.000	1.00

DDH 5

ZONE	LEN	DIR	GRD
a. 02'-00"	0'	0.000	1.00
b. 02'-00"	0'	0.000	1.00
c. 02'-00"	0'	0.000	1.00

DDH 17

ZONE	LEN	DIR	GRD
a. 02'-00"	0'	0.000	1.00
b. 02'-00"	0'	0.000	1.00
c. 02'-00"	0'	0.000	1.00
d. 02'-00"	0'	0.000	1.00

DDH 19

ZONE	LEN	DIR	GRD
a. 02'-00"	0'	0.000	1.00
b. 02'-00"	0'	0.000	1.00
c. 02'-00"	0'	0.000	1.00
d. 02'-00"	0'	0.000	1.00

DIAMOND DRILL HOLE SUMMARY

HOLE NO.	LOCATION	DEPTH	LENGTH	DIP
1	4310 (approx)	10,350 (approx)	280'	-26°
2	4310	10,350	281'	-27°
3	4310	10,350	286'	-20°
4	4325	10,460	101'	-30°
5	4320	10,455	93'	-30°
6	4324	10,460	97'	-30°
7	4325	10,460	83'	+30°
8	4310	10,350	178'	-18°
9	4310	10,350	148'	-10°
10	4310	10,350	71'	FLAT
11	4310	10,350	140'	-10°
12	4310	10,350	192'	-30°
13	4310	10,350	85'	-26°
14	4310	10,350	231'	-30°
15	4310	10,350	215'	-30°
16	4318	10,410	197'	-30°
17	4326	10,410	147'	-30°
18	4320	10,400	87'	-30°
19	4322	10,410	172'	-30°
20	4322	10,410	216'	-30°
TOTAL				3485 FEET

LEGEND

- SURFACE SURVEY STATION ----- Δ P1
- UNDERGROUND SURVEY STATION ----- ○ S04
- OLD SURFACE DIAMOND DRILL HOLE ----- ● DDH 32
- 1580 UNDERGROUND DIAMOND DRILL HOLE, LENGTH, DIP ----- → DDH 3

JAN. 1981 **FIG. 3**

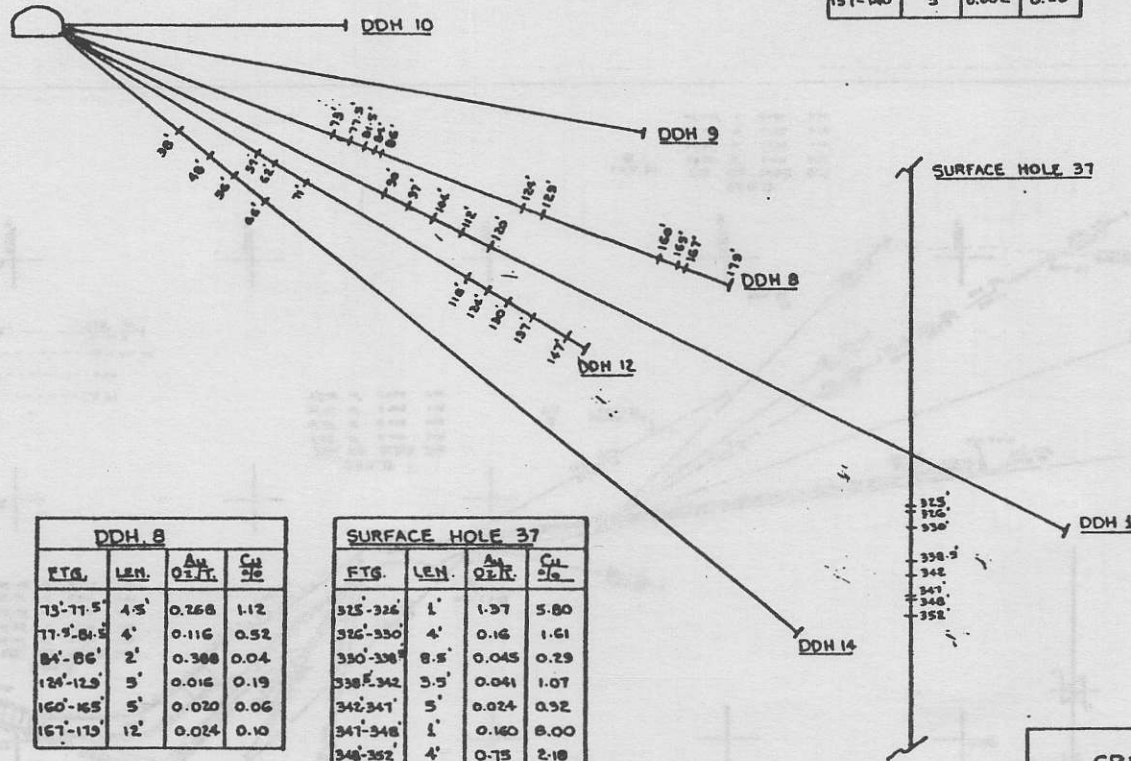
GRENBLE ENERGY LTD.
LEXINGTON PROPERTY
GREENWOOD B.C.

1980 UNDERGROUND DRILLING PROGRAM

SCALE: 1" = 50' *by Burns*

ELEV. 4100'

ELEV. 4000'



DDH. 12			
FTG.	LEN.	Au OZ/T.	Cu %
51'-62'	5'	0.040	0.39
62'-71'	9'	0.014	0.12
118'-124'	6'	1.846	3.86
124'-130'	6'	0.168	1.05
137'-140'	3'	0.002	0.26

DDH. 14			
FTG.	LEN.	Au OZ/T.	Cu %
36'-48'	10'	0.098	0.53
48'-56'	8'	0.060	0.44
56'-66'	10'	0.044	0.11

DDH. 1			
FTG.	LEN.	Au OZ/T.	Cu %
90'-91'	1'	0.002	0.60
97'-104'	7'	0.024	0.63
104'-112'	8'	1.524	13.28
112'-120'	8'	0.744	6.26

DDH. 8			
FTG.	LEN.	Au OZ/T.	Cu %
73'-77.5'	4.5'	0.268	1.12
77.5'-81.5'	4'	0.116	0.52
84'-86'	2'	0.388	0.04
124'-129'	5'	0.016	0.19
160'-165'	5'	0.020	0.06
167'-173'	12'	0.024	0.10

SURFACE HOLE 37			
FTG.	LEN.	Au OZ/T.	Cu %
325'-326'	1'	1.37	5.80
326'-330'	4'	0.16	1.61
330'-338'	8.5'	0.045	0.29
338'-342'	3.5'	0.041	1.07
342'-347'	5'	0.024	0.52
347'-348'	1'	0.160	8.00
348'-352'	4'	0.75	2.18

FOR: **GRENOBLE ENERGY LTD.**

LEXINGTON PROPERTY
GREENWOOD B.C.

ASSAY SECTION

D. DRILL HOLES No. 1, 8, 9, 10, 12, 14, & 5-37

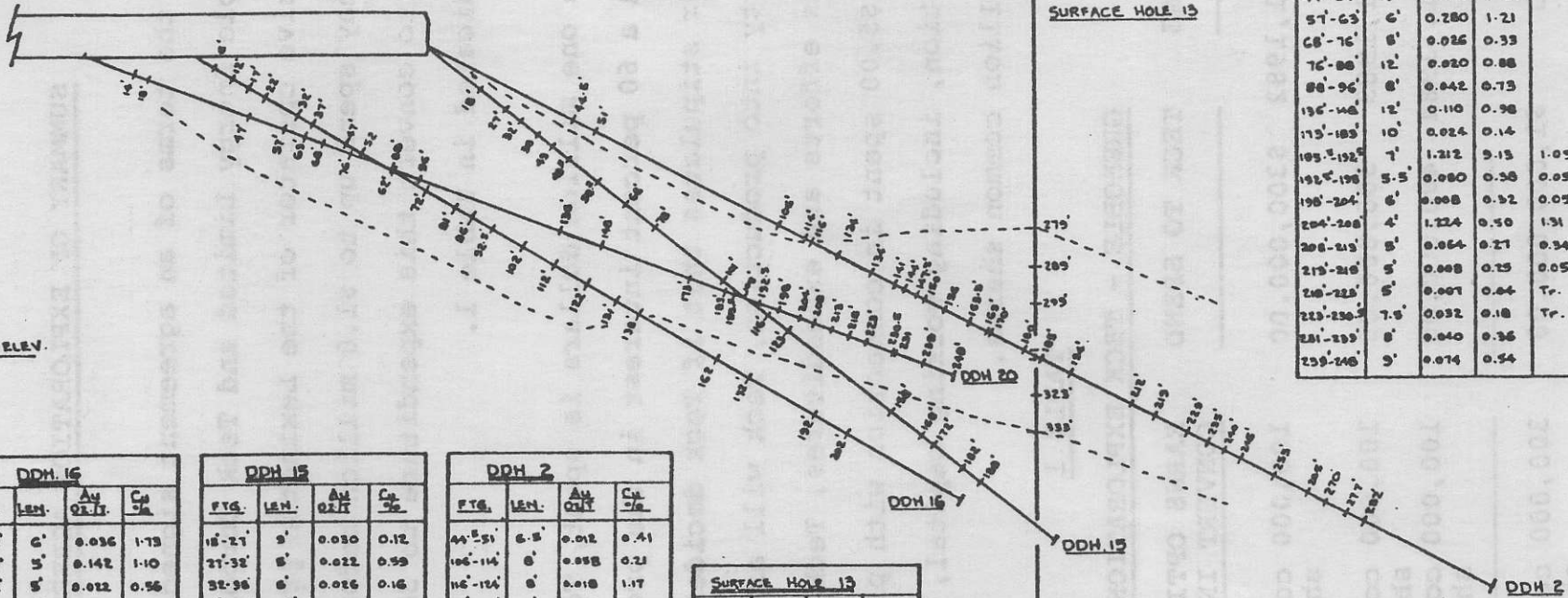
SCALE: 1" = 30'

JAN. 1981
W. Bunn

FIG 2

400' ELEV.

4000' ELEV.



DDH 20				
FTG.	LEN.	Au OZ/T	Cu %	Ag OZ/T
14'-18'	4'	0.04	0.13	
47'-57'	10'	0.022	0.28	
57'-63'	6'	0.280	1.21	
66'-76'	8'	0.026	0.33	
76'-88'	12'	0.020	0.88	
88'-96'	8'	0.042	0.73	
136'-148'	12'	0.110	0.98	
175'-183'	10'	0.024	0.14	
183'-192'	7'	1.212	9.13	1.03
192'-198'	5.5'	0.080	0.38	0.05
198'-204'	6'	0.008	0.32	0.03
204'-208'	4'	1.224	0.50	1.31
208'-213'	5'	0.064	0.27	0.34
213'-218'	5'	0.008	0.25	0.05
218'-223'	5'	0.007	0.04	Tr.
223'-230'	7.5'	0.032	0.18	Tr.
231'-233'	8'	0.040	0.36	
233'-240'	9'	0.074	0.54	

DDH 16			
FTG.	LEN.	Au OZ/T	Cu %
6'-12'	6'	0.036	1.73
12'-17'	5'	0.142	1.10
17'-22'	5'	0.012	0.56
22'-32'	10'	0.038	2.18
31'-37'	6'	0.064	0.34
37'-47'	10'	0.102	1.63
52'-62'	10'	0.212	1.34
62'-72'	10'	0.020	0.40
72'-88'	9'	0.140	0.36
81'-86'	5'	0.068	1.47
86'-92'	6.5'	0.016	0.09
92'-102'	9.5'	0.036	0.11
102'-112'	10'	0.040	0.09
112'-122'	10'	0.030	1.70
122'-131'	9'	0.068	0.04
131'-138'	7'	0.032	0.41
162'-172'	10'	0.030	0.37
192'-202'	10'	0.034	0.04

DDH 15			
FTG.	LEN.	Au OZ/T	Cu %
18'-27'	9'	0.030	0.12
27'-32'	5'	0.022	0.59
32'-36'	4'	0.026	0.16
43'-48'	5.5'	0.038	0.99
48'-52'	4.5'	0.018	0.53
68'-76'	10'	0.016	0.10
101'-108'	7'	0.014	0.08
116'-123'	7'	0.032	0.05
138'-148'	10'	0.012	0.03
175'-182'	10'	0.012	0.65
182'-188'	6'	0.058	0.48

DDH 2			
FTG.	LEN.	Au OZ/T	Cu %
44'-51'	6.5'	0.012	0.41
106'-114'	8'	0.058	0.21
116'-124'	8'	0.018	1.17
136'-154'	10'	0.152	0.70
141'-144'	3'	0.110	1.11
144'-147'	3.5'	0.344	1.43
147'-150'	2.5'	0.080	0.84
160'-166'	6'	0.060	0.19
156'-163'	7.5'	0.206	0.07
163'-169'	5.5'	0.038	0.51
170'-180'	10'	0.006	0.58
180'-186'	5'	0.078	0.48
185'-194'	9'	0.022	0.12
222'-219'	7'	0.194	0.23
229'-235'	6'	0.102	0.41
235'-240'	5'	0.064	0.13
240'-248'	9'	0.012	0.13
255'-263'	10'	0.020	0.30
270'-277'	7'	0.012	1.09
277'-282'	5'	0.044	0.56

SURFACE HOLE 13			
FTG.	LEN.	Au OZ/T	Cu %
273'-283'	10'	0.07	1.43
283'-239'	10'	0.08	0.68
233'-231'	12'	0.01	0.44
311'-313'	2.5'	0.51	6.40
313'-323'	9.5'	0.21	1.05
323'-333'	10'	0.21	0.40

FOR GRENOBLE ENERGY LTD.

LEXINGTON PROPERTY
GREENWOOD B.C.

ASSAY SECTION

DIAMOND DRILL HOLES NO. 2, 15, 16, 20, 5-13

SCALE: 1" = 30'

JAN. 1981

FG. 1

Section 5

SUMMARY OF EXPLORATION AGREEMENT WITH TECK CORPORATION

Under the terms of an agreement signed March 6, 1981 between Grenoble Energy Limited and Teck Corporation, Teck became the exclusive operator of the Lexington property exploration program. Teck may spend up to \$1.0 million before March 1, 1984 with the right to convert this expenditure to 300,000 shares of Grenoble as indicated in Table 1.

If the one million dollars is spent, Teck Corporation will have earned a 60 percent interest in the property. The agreement further stipulates that if Teck decides to put the Lexington property into production, Teck will arrange all necessary financing. For its efforts and expenditures, Teck will receive one share for every \$5.00 spent in connection with placing the property into production, including working capital, to a maximum of an additional one million common shares.

TABLE 1

GRENOBLE - TECK EXPLORATION FINANCING AGREEMENT

<u>DEADLINE</u>	<u>TECK TO SPEND</u>	<u>EARN'S OPTION TO CONVERT INTO</u>	<u>EQUIVALENT PRICE PER SHARE</u>
March 1, 1982	\$300,000.00	100,000 common shares	\$3.00
March 1, 1983	300,000.00	100,000 common shares	3.00
March 1, 1984	400,000.00	100,000 common shares	4.00
TOTAL	\$1,000,000.00	300,000 common shares	

Section 6

GRENOBLE ENERGY LIMITED CORPORATE INFORMATION

Directors and Officers

Earl E. Weisbrod	-	President and Director
Kenneth A. Sherlock, C.A.	-	Secretary and Director
Albert F. Probyn	-	Director

Head Office

Suite 1015
470 Granville Street
Vancouver, B.C.
V6C 1V5
(604) 669 - 3349

Capitalization

Authorized: 5,000,000 shares without nominal par value
Issued: 2,245,100 shares
Held in Escrow: 750,000 shares

Stock Exchange:

Vancouver Stock Exchange
536 Howe Street
Vancouver, B.C. V6C 2E1
Trading Symbol GRN

Transfer Agent

Guaranty Trust Company of Canada
800 West Pender Street
Vancouver, B.C. V6C 2V7

Section 6 cont.

Geological Consultant

R.W. Phendler, P. Eng.
Geological Consultant, Exploration and Mining
7360 Decourcy Cres.
Richmond, B.C.
V7C 4E9
V7C 4E9
(604) 271 - 2588

Legal Counsel

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Barrister and Solicitor
Suite 1275
555 Burrard Street
Vancouver, B.C.
V7X 1J6

Registered Office and Records Office

John K. Campbell
Suite 1275
555 Burrard Street
Vancouver, B.C.
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Bank

Canadian Imperial Bank of Commerce
Main Branch
640 West Hastings Street
Vancouver, B.C.
V6B 1P1

Auditors

Carlyle Shepherd & Co.,
Chartered Accountants
Suite 220
4800 No. 3 Road,
Richmond, B.C.
V6X 3A6

Section 7

Mr. Michael Bowes, Manager
Grenoble Energy Limited
#1015 - 470 Granville St.,
Vancouver, B.C.
V6C 1V5

Dear Sir:

___ Please add my name to Grenoble Energy Limited's
mailing list

You may also send me the following information
(check the appropriate box):

___ 1980 Annual Report to Shareholders (October 15, 1980)

___ Quarterly financial statements

___ Statement of Material Facts accepted for filing by Vancouver
Stock Exchange, September 18, 1980 including three engineering
reports by R.W. Phendler, P. Eng.

___ Subsequent report by R.W. Phendler, P. Eng.

___ Press releases and letters to shareholders issued to date.

Yours truly,

signature

please print name

address

tel.# bus. res.