

N.C. CARTER, Ph.D., P.Eng.

Consulting Geologist

1410 Wende Road
Victoria, B.C. V8P 3T5
(604) 477-0419

February 29, 1988

Dr. John F. Stephenson
President
Nexus Resource Corporation
3270 Park Place Tower
666 Burrard Street
Vancouver, B.C.
V6C 2Z9

Dear John:

Re: Thistle Mine Project, Alberni Mining Division, B.C.

The following comments are based on my visit to the property February 24 with Jim Walker. Most of the salient points were related to you by telephone February 25.

Drilling Program

Three holes totalling 1,500 feet had been completed at the time of my visit. The first hole, drilled to test Zone B, may have been too far north at the end of the existing road to adequately test the geochemical anomaly. Holes 2 and 3, drilled easterly north of the Panther Showing both intersected the main fault zone near the bottom of each hole at around 500 feet. Numerous quartz stringers were seen in both holes and a three inch massive sulfide lens (pyrite) was noted within a 3 ft section of sulfides at 235 feet. The third hole contains a quartz breccia zone with clots of chalcopryrite at 335 feet.

Holes 4 and 5 were being drilled 400 metres to the northwest of 2 and 3 .

Holes 6, 7 and 8 were proposed to test the Zone D from a road that would permit drilling to the east. At the time of my visit, the bulldozer operator was having some difficulty in clearing the heavy snow off the road, partly because of the substantial grade in the lower sections. If opening the road proved impractical, to holes from the lower road were being considered.

Jim Walker felt that the contract minimum of 3,500 feet would probably be achieved by the morning of February 29.

TM 70 Grid

Jim Walker and I visited this area northwest of Thistle mine to examine current conditions.

IP anomalies in the northwest part of this grid represent the most attractive targets, but getting to potential drill sites at this time is not practical. There is still 3 to 4 ft. of snow on the access road and some apparent difficulties with a partially washed out log culvert and a road washout further on.

I would recommend leaving this area until late spring when road conditions could be more properly assessed. It may also be advisable to carry out additional geophysics inasmuch as the anomalies are open to the northwest.

Richard Walker - Westmin

Jim and I had a good session with Richard Walker in Port Alberni. Richard advised that sampling of drill cores on the Thistle project in the past has been based strictly on geological parameters, but in any event no intervals of more than 1 metre were included in individual samples.

John Stevenson's 1944 report (BCDM) on the China Creek area was considered by Richard to be quite good with the notable exception of the Thistle Mine description which includes a reference to the principal host rocks being diopside-rich, sounding suspiciously like skarn. Walker is confident that this reference is to the common quartz-albite alteration of Mine Flow Unit basaltic rocks - or quartz keratophyres.

Walker also explained the probable repetition of the Mine Flow Unit above the TM 70 grid, directly below the Buttle Lake limestone unit. He considers this to be a prime target.

On a related issue, Walker is very concerned about Atholl Sutherland Brown (my ex boss) and his current interest in the Sicker Group and in particular the China Creek area. ASB has visited the Thistle and Walker is sure he's on the wrong track inasmuch as he (ASB) considers the Mine Flow Unit to be a sheeted dyke complex. Walker is afraid that ASB is in a rush to publish, thus leading many astray, particularly those who make decisions to fund projects in the area. I assured him that most people will rely on Richard Walker's interpretations of Sicker geology in view of his experience and success in the belt.

By the way, Richard is giving an MEG talk on the Debbie in late March and another talk (more regional) at CIM in Edmonton in May.