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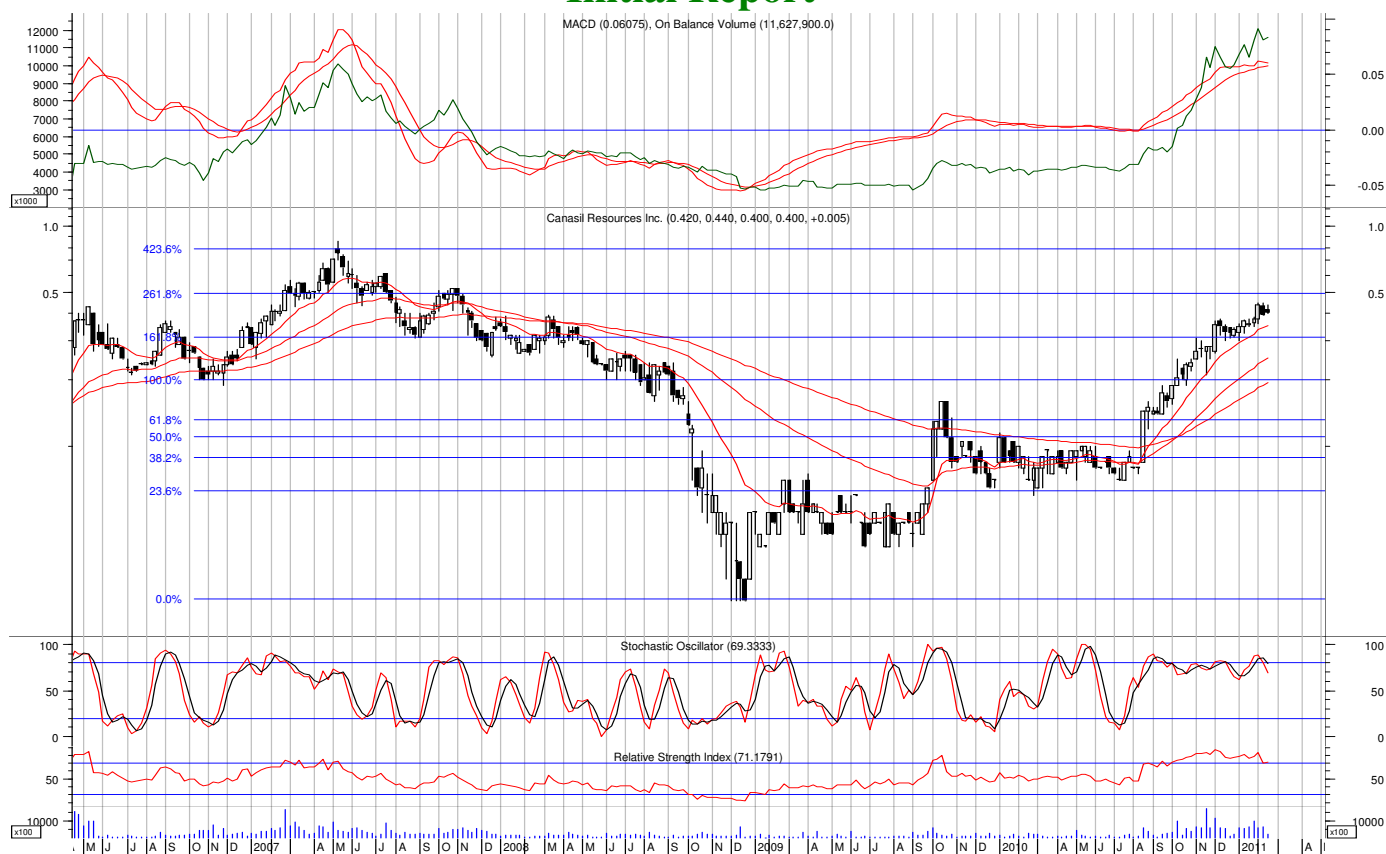
Performance: YTD April 30: '96 116.9%; '97 28.1%; '98 36.4%; '99 39.4%; '00 180.9%; '01 -50.5%; '02 18.7%; '03 28.8%; '04 166.7%; '05 28.2%; '06 153.3%; '07 8.8%; '08 -25.2%; '09 -50.3%; '10 162.3%

## Junior Gold and Natural Resource Sector Report

February 15, 2011

### Canasil Resources (CLZ-TSX Venture)

#### Initial Report



**Weekly chart, Semi-log Scale, High \$0.85, Low \$0.02, Last Trade \$0.40**

#### Active 2011 Silver/Gold Exploration Program

Canasil Resources has an extensive portfolio of gold, silver, copper and zinc exploration projects in British Columbia and Mexico, and a management team with strong technical and geological experience and a proven track record of taking mineral projects through to production. The planned and committed exploration budget will increase significantly through 2011, resulting in increased news flow that should continue to attract investor interest.

Late last year saw the completion of key earn-in option and joint venture agreements with industry leading partners on their silver and silver/gold projects in Durango and Zacatecas States, Mexico. Canasil entered into agreements with MAG Silver on the La Esperanza silver project in August 2010, and with Pan American Silver on the Carina silver/gold project in November 2010.

The Company raised \$2.8 million in funding last year through private placements and the exercise of warrants, ever mindful of dilution with now only about 62 million shares issued. Approximately 40% of the outstanding shares are said to be held by management and major shareholders.

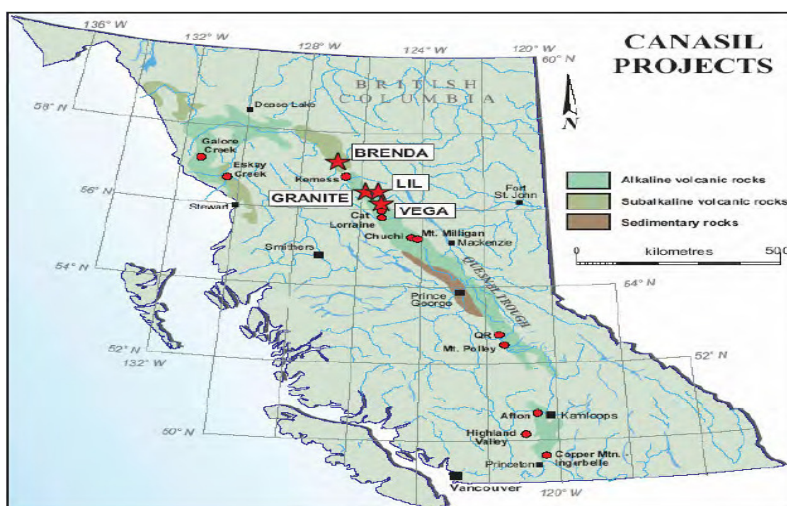
A very active exploration program is planned in 2011. Canasil's partners will be working on the La Esperanza and Carina projects, and Canasil will be advancing the Sandra-Escobar silver/gold project, which is subject to a separate cooperation agreement with Pan American, with drilling planned during the first quarter of 2011.

Therefore Canasil now has three large silver and silver/gold projects advancing in Mexico with currently committed and planned expenditures of at least \$1,450,000, of which \$950,000 will be funded by MAG and Pan American as detailed below:

Canasil Option and JV Agreements Summary and 2011 Currently Planned Expenditures						
Project/Program Funded by:	Earn-in %	Years	Total Cash Payments	Total Expenditure	First Year Required	Committed & Planned
La Esperanza MAG Silver	60%	4	\$500,000	\$5,000,000	\$750,000	\$750,000
Carina Pan American	55%	4	\$365,000	\$3,650,000	\$365,000	\$200,000
Sandra-Escobar Canasil						\$300,000
Geophysical Surveys Canasil						\$200,000
<b>Total</b>			<b>\$865,000</b>	<b>\$8,650,000</b>	<b>\$1,115,000</b>	<b>\$1,450,000</b>

Canasil also plans to continue discussions with interested parties on further cooperation agreements on its extensive project portfolio in Mexico and British Columbia, and will need to raise capital to fund work programs on its exploration projects, and pursue additional opportunities of interest.

The company has four exploration properties in British Columbia and eight in Mexico, all of which have had enough work conducted on them to show some merit. Success in the drilling could have a big impact on value, and the share price given a relatively tight capital structure.





Canasil drew heavily on historic exploration work as a starting point for their property acquisition and exploration programs, and has been assembling exploration properties for more than a decade, taking advantage of the bottom of the resource market cycle. They focused on the Sierra Madre region of Mexico and the porphyry copper-gold belt in central British Columbia. Both of those regions offer favorable political situations and outstanding geological prospects.

Brenda is Canasil’s leading B.C. project, located 25 kilometers northwest of the Kemess mine that produces 300,000 ounces of gold per year for Northgate. Gold in veins was first discovered on the Brenda property in 1950. Canasil recognized the potential for porphyry mineralization (large volumes of rock with disseminated values of gold and copper) back in 1989. Work by Northgate in 2003-4 outlined a large Kemess-style porphyry system. Canasil carried out further work on the property based on information gained from drilling and identified several target zones with potential to carry higher grades. Diamond drilling to date has returned significant gold-copper porphyry mineralized intersections and confirmed the potential for a large gold-copper porphyry system, which is open for extension.

**Share Structure (October 31 2010)**

Shares issued	53,492,592
Warrants outstanding:	4,470,000
Options outstanding:	3,723,750
Fully diluted:	61,686,342
Control Groups:	Approx 40% controlled by management and major shareholders

There are 743,750 options exercisable at \$0.20 expiring March 6, 2011. In addition, 1.81 million warrants are exercisable at \$0.15 and due to expire May 20, 2011.

**Conclusion**

The company has been systematically advancing various projects over the past several years. They are now at a stage where drilling could quickly generate meaningful results. Management’s efforts continue to bring in joint venture partners to help fund work on some of those projects.

The company has a well-selected portfolio of projects and a strong geological team. Management makes the effort to get out to the investor shows to tell their story. The share price has steadily advanced since the 2008 melt-down bottom, and this uptrend has accelerated since last summer when drilling commenced on the Mexican gold-silver exploration projects.

Canasil may be of interest to investors prepared to take on the risk of a carefully selected portfolio of increasingly advanced exploration projects. This year's enhanced exploration budget should generate strong news flow, and a continued buoyant commodities sector will make for a receptive audience for any solid drilling success.

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