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Canasil Resources (CLZ-TSXV)

The following is extracted from the October 2007-1 Issue

Canasil has an extensive portfolio of exploration projects in British Columbia and Mexico. The company has a strong management team with considerable geological experience and success. Assay results from recently completed drilling could have a big impact on the share value.

Canasil 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.

Canasil drew heavily on the results of historic exploration work as a starting point for their property acquisition and exploration programs. The company now has eight active projects in Mexico and four in British Columbia.

Brenda, the leading B.C. project, is 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. In 1989, Canasil recognized the potential for porphyry mineralization (that is, large volumes of rock with disseminated values of gold and copper).

Work by Northgate in 2003-4 outlined a large Kemess-style porphyry system. A limited drill

program encountered encouraging results, but not enough to keep Northgate interested.

Canasil carried out further work on the property based on the information gained from the drilling. They identified several target zones with potential to carry higher grades. The junior drilled five holes late in the summer, with assays expected this month. The holes cut long intervals with the geological conditions that host gold-copper deposits in this setting.

While the drill core looks good, it is not possible to visually estimate grades in this setting with any lprecision. Receipt of the assays over the coming weeks will reveal whether Brenda is "potentially economic" or merely "geologically interesting".

If the assays are favorable, then Canasil shares could see considerable action, as the company has yet to get recognition for the potential at Brenda.

If the assays are less favorable, then Canasil shareholders would have to rely on the Mexican properties to carry the value of the company. That may work out quite favorably, as the Mexican properties hold considerable promise.

All of Canasil's properties in Mexico host veins that have been shown to carry gold and silver values. Some of the veins have produced impressive grades, and in some cases also carry high values of base

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metals.

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

Generally, speculating on the results of exploration (604) 708-3788 drilling is pretty risky. This situation is worth a closer look. Canasil may be of interest to investors prepared to take on the risk of exploration drilling. First, the share price has not yet moved up in anticipation of good results. Furthermore, the company has

numerous other high potential exploration prospects and a strong geological team intent on building shareholder value.

Price October 1, 2007: C\$0.41 Shares Outstanding: 29 million Shares Fully Diluted: 37 million Market Cap: C\$12 million Contact: Investor Relations (604) 708-3788 www.canasil.com

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