



Canasil Resources (CLZ-TSXV)

The following is extracted from the July 2014-1 Issue

Canasil awaits the results of the Phase 2 drilling on its Salamandra silver-copper-zinc-lead project in Durango State, Mexico. Joint venture partner Mag Silver (MAG-TSX) drilled 12 holes (totaling 6,500 meters) adding to the 5 holes drilled in the first phase. Mag can earn an initial 55% interest by funding C\$5,500,000 in exploration expenditures and making C\$750,000 in cash payments to Canasil. They can earn an additional 15% by producing either a feasibility study or spending an additional C\$20 million.

Mag has an exceptional geological team, including Dr. Peter Megaw, a leading authority on Mexican silver deposits. The capabilities of that team are evidenced by the discoveries made by Mag. The following comments about the joint venture project are extracted from the Mag website, and have considerable significance in view of the expertise of their geological team:

"Salamandra, Durango State, Mexico

The project is strategically located along the overlap between the "Mexican Carbonate Replacement Belt" and the "Fresnillo Silver Trend" often referred to as Mexico's Premier Silver-Gold district. Salamandra lies on trend with a number of important operating mines and recent new discoveries. Salamandra is only 80 kilometres northwest of the San Martin-Sabinas Mining District, the largest underground silver-copper-zinc deposit in Mexico (owned by Grupo Mexico and Peñoles) and Salamandra boasts remarkably similar geology although exposed at a slightly higher stratigraphic level.

"Salamandra is exceptionally well located geologically and shows more of the hallmark features of a major CRD system than our Cinco de Mayo property did when we started there," said Dan MacInnis, President and CEO of MAG Silver. "We've had our eyes on Salamandra for nearly four years and are pleased that Canasil has finally given us the opportunity to bring our expertise on CRD systems to bear on this exciting project. Building on Canasil's technical foundation should allow us to bring Salamandra to drill-readiness quickly."

Canasil has several other silver exploration projects in the Mexican Silver Belt. While early stage, the projects are all well located within favorable geological settings with abundant evidence, including some initial drilling, that the projects have large-scale discovery potential.

Canasil also holds several exploration projects in north-central British Columbia. The Brenda project is about 20 km north of the Kemess underground project of Aurico, on which a feasibility study has been completed. The Canasil project has seen considerable exploration which outlines an extensive zone of gold-copper mineralization. Some drill holes have shown grades and thicknesses comparable to current and past producing mines in northern BC. Further work is needed on the project.

The LIL project, north of Mackenzie, hosts narrow silver veins with exceptionally high grades. Other projects have copper-gold porphyry potential.

All of the Canasil projects have good exploration potential, but the near term upside potential for the company rests on the assays that will come from the Salamandra drilling in the next few weeks.

Given the enthusiasm for the project expressed by joint venture partner Mag Silver, it seems a good speculation.

*Price July 21, 2014: C\$0.09
Shares Outstanding: 78 million
Shares Fully Diluted: 87 million
Market Cap: C\$7 million
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