Canasil resources inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

Expressed in Canadian Dollars

Unaudited

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the Company's interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of financial statements by an entity's auditor.

"Bahman Yamini"	*"Kerry Spong"*
President and Chief Executive Officer	**Vice President, Finance & CFO**

May 27, 2016

1760-750 West Pender Street, Vancouver, B.C. V6C 2T8
Tel: (604) 708-3788 Fax: (604) 708-3728
Email: admin@canasil.com

CANASIL RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

Expressed in Canadian Dollars
Unaudited

ASSETS		March 31, 2016		December 31, 2015
Current				
Cash	$	1,035,260	$	203,294
Marketable securities *(Note 3)*		546,000		371,000
Receivables		126,357		162,306
Prepaid expenses		8,266		7,354
		1,715,883		743,954
Reclamation bonds		28,000		28,000
Property and equipment		49,336		50,602
	$	1,793,219	$	822,556

LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	160,225	$	201,509
Accounts payable and accrued liabilities – related parties *(Note 8)*		41,876		98,132
Due to related parties *(Notes 8 and 11)*		439,000		519,000
		641,101		818,641
SHAREHOLDERS' EQUITY				
Share capital *(Note 5)*		18,734,319		17,588,877
Convertible debenture *(Note 7)*		-		4,323,549
Contributed surplus		6,172,258		1,783,712
Accumulated other comprehensive income		231,382		21,000
Deficit		(23,985,841)		(23,713,223)
		1,152,118		3,915
	$	1,793,219	$	822,556

Nature of operations and going concern *(Note 1)*
Commitment *(Note 9)*
Subsequent event *(Note 11)*

ON BEHALF OF THE BOARD:

"Alvin Jackson", Director

"Michael McInnis", Director

- See Accompanying Notes -

CANASIL RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

Expressed in Canadian Dollars
Unaudited

	Number of Shares	Share Capital *(Note 5)*	Convertible Debenture *(Note 7)*	Contributed Surplus *(Notes 6,7)*	Accumulated Other Comprehensive Income	Deficit	Total
Balance – December 31, 2014	81,059,872	$ 17,418,851	$ 3,179,030	$ 1,640,077	$ -	$ (22,072,230)	$ 165,728
Convertible debenture	-	-	93,022	-	-	-	93,022
Comprehensive loss for the period	-	-	-	-	-	(380,243)	(380,243)
Balance – March 31, 2015	81,059,872	17,418,851	3,272,052	1,640,077	-	(22,452,473)	(121,493)
Private placement	3,000,000	150,000	-	-	-	-	150,000
Private placement	600,000	27,000	-	-	-	-	27,000
Share issuance costs	-	(6,974)	-	-	-	-	(6,974)
Convertible debenture	-	-	1,051,497	-	-	-	1,051,497
Share-based compensation	-	-	-	143,635	-	-	143,635
Comprehensive loss for the period	-	-	-	-	21,000	(1,260,750)	(1,239,750)
Balance – December 31, 2015	84,659,872	17,588,877	4,323,549	1,783,712	21,000	(23,713,223)	3,915
Private placement	2,000,000	300,000	-	-	-	-	300,000
Private placement	4,100,000	902,000	-	-	-	-	902,000
Share issuance costs	-	(56,558)	-	-	-	-	(56,558)
Convertible debenture forfeited without repayment	-	-	(4,323,549)	4,323,549	-	-	-
Share-based compensation	-	-	-	64,997	-	-	64,997
Comprehensive loss for the period	-	-	-	-	210,382	(272,618)	(62,236)
Balance – March 31, 2016	90,759,872	$ 18,734,319	$ -	$ 6,172,258	$ 231,382	$ (23,985,841)	$ 1,152,118

- See Accompanying Notes -

CANASIL RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED MARCH 31

Expressed in Canadian Dollars

Unaudited

	2016	2015
General and administrative expenses		
Accounting and audit	$ 7,689	$ 8,400
Depreciation	1,266	1,631
Exploration and evaluation *(Note 4)*	259,392	312,225
Foreign exchange loss (gain)	11,614	(20,405)
Interest income	(675)	(2,041)
Investor relations and promotions	2,474	924
Legal fees	1,641	-
Listing and filing fees	7,261	5,200
Management fees	19,500	15,000
Office rent, services and supplies	18,116	17,306
Salaries, wages and consulting	45,017	37,500
Shareholder communications	6,055	1,000
Share-based compensation *(Note 6)*	64,997	-
Transfer agent fees	2,078	1,467
Travel and accommodation	4,291	2,036
Total operating expenses	(450,716)	(380,243)
Gain on sale of marketable securities *(Note 3)*	143,524	-
Loss for the period before taxes	(307,192)	(380,243)
Deferred income tax recovery *(Note 3)*	34,574	-
Loss for the period	(272,618)	(380,243)
Other comprehensive income		
Realized gains on marketable securities *(Note 3)*	(143,524)	-
Item that may be reclassified subsequently to profit or loss:		
Change in fair value of marketable securities, net of taxes *(Note 3)*	353,906	-
Comprehensive loss for the period	$ (62,236)	$ (380,243)
Loss per share – basic and diluted	$ (0.00)	$ (0.00)
Weighted-average number of shares outstanding – basic and diluted	86,611,520	81,059,872

CANASIL RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31

Expressed in Canadian Dollars
Unaudited

CASH RESOURCES PROVIDED BY (USED IN)		2016		2015
Operating activities				
Loss for the period	$	(272,618)	$	(380,243)
Items not involving cash				
Depreciation		1,266		1,631
Gain on sale of marketable securities		(143,524)		-
Deferred income tax recovery		(34,574)		-
Share-based compensation		64,997		-
Changes in non-cash working capital				
Receivables		35,949		77,537
Prepaid expenses		(912)		82
Accounts payable and accrued liabilities		(41,284)		51,483
Accounts payable and accrued liabilities – related parties		(56,256)		51,636
		(446,956)		(197,874)
Investing activities				
Proceeds on sale of marketable securities		213,480		-
Financing activities				
Share capital issued for cash		1,202,000		-
Share issuance costs		(56,558)		-
Convertible debenture		-		93,022
Due to related parties, net of repayments		(80,000)		110,000
		1,065,442		203,022
Change in cash for the period		831,966		5,148
Cash position - beginning of period		203,294		125,226
Cash position - end of period	$	1,035,260	$	130,374

Supplemental schedule of non-cash financing transactions				
Convertible debenture forfeited without repayment	$	4,323,549	$	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Canasil Resources Inc. (the "Company") is a mineral exploration company incorporated in British Columbia with its head office located at 1760 – 750 West Pender Street, Vancouver, British Columbia. The Company is considered to be in the exploration stage with respect to its interests in mineral properties, which are located in Canada and Mexico. Based on the information available to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The Company's continuing operation is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain the financing necessary to maintain operations and successfully complete its exploration and development, and the attainment of future profitable production.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Several adverse conditions and material uncertainties cast significant doubt upon the validity of this assumption. Consistent with other junior exploration companies, the Company has no source of operating revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and maintain its mineral interests. The Company has incurred operating losses since inception and as at March 31, 2016 had an accumulated deficit of $23,985,841 and working capital of $1,074,782.

These financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These statements do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments and information considered necessary for fair presentation have been included in these financial statements.

These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements including the notes thereto for the year ended December 31, 2015. All financial information presented herein is unaudited. The Company's board of directors approved these financial statements for issue on May 27, 2016.

Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except for those items classified as fair value through profit and loss or available-for-sale financial assets, using the accrual basis of accounting, except for cash flow information.

Expressed in Canadian Dollars

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned Canadian subsidiary, CRD Minerals Corp. ("CRD"), and its wholly owned Mexican subsidiaries, Minera Canasil S.A. de C.V. and Minera CRD S.A. de C.V. ("Minera CRD"). All significant inter-company transactions, balances, and unrealized translation gains or losses have been eliminated.

Foreign currency translation

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in profit or loss for the period.

3. MARKETABLE SECURITIES

In September 2015, the Company acquired 1,400,000 common shares of Orex Minerals Inc. ("Orex") under a private placement at a cost of $350,000. On September 25, 2015, Orex and Barsele Minerals Corp. ("Barsele") completed a plan of arrangement such that each old share of Orex was exchanged for one new share of Orex plus one common share of Barsele. In February 2016, the Company sold 700,000 Orex shares. These shares are designated as available-for-sale securities. Details as at March 31, 2016 are as follows:

	Shares	Cost	Fair Value
Orex Minerals Inc.	700,000	$ 69,956	$ 308,000
Barsele Minerals Corp.	1,400,000	210,088	238,000
		$ 280,044	$ 546,000

Changes in the fair value of these securities for the period ended March 31, 2016 are as follows:

Fair value – beginning of period	$ 371,000
Sold – 700,000 Orex shares	(213,480)
Change in fair value	388,480
Fair value – end of period	$ 546,000

The Company's available-for-sale securities are carried at fair value measured using a Level 1 fair value measurement whereby the carrying value is determined by using the quoted closing price of the security as at the balance sheet date.

During the period, the Company sold 700,000 Orex shares for net cash proceeds of $213,480 and a gain on sale of $143,524. The Company also recorded unrealized gains of $210,382, net of deferred income tax impact of $34,574, through accumulated other comprehensive income.

4. EXPLORATION AND EVALUATION

The Company expenses exploration and evaluation costs relating to its mineral property interests in the period incurred. The Company's principal mineral interests include:

Sandra-Escobar project, Mexico

The Company has staked the Sandra claims located in Durango State, Mexico. In accordance with a 2008 agreement with Pan American Silver Corp. ("Pan American"), the Company also earned a 40% interest in Pan American's Escobar claims in 2012, which are contiguous with the Sandra claims. In addition to these claims, the Company has also acquired various other claims in the area from third parties, all of which form the Sandra-Escobar project.

In September 2015, the Company signed an option agreement with Orex on the Sandra-Escobar project providing Orex with the right to earn up to a 65% interest in the property. Orex can earn an initial 55% interest by paying the Company $500,000 (received) and incurring US$2,000,000 in exploration expenditures over a three-year period. Orex can earn an additional 10% interest by paying the Company $500,000 in cash or shares, at Orex's option, and incurring an additional US$2,000,000 in exploration expenditures within two years.

Salamandra project, Mexico

The Salamandra project, located in Durango State, Mexico, was acquired through staking of claims and an option to purchase a 100% interest in the central 900 hectares of claims, subject to a net smelter returns royalty ("NSR") of 2% of which 1% may be purchased by the Company for US$1,000,000. To acquire the claims under option, the Company can make payments based on a specific schedule that totals US$600,000 over a period of eight years from 2012 to 2019, of which US$175,000 has been paid to date.

In May 2013, the Company signed an option agreement with MAG Silver Corp. ("MAG") on the Salamandra project providing MAG with the right to earn up to a 70% interest in the project. In February 2016, MAG withdrew from the agreement without earning an interest. The Company received cash payments from MAG totalling $500,000 during the term of the agreement.

The Salamandra property is held by Minera CRD, a wholly-owned subsidiary of CRD, a wholly-owned subsidiary of the Company. Under the agreement, MAG had the option of incurring qualifying expenditures on the Salamandra property either directly, or by advancing funds to CRD under a non-interest bearing convertible debenture, which funds would be used to incur expenditures on the property by Minera CRD. The agreement provided that should MAG withdraw from the agreement prior to earning an interest, it would forfeit its interest in the convertible debenture without repayment *(Note 7)*.

Expressed in Canadian Dollars

4. EXPLORATION AND EVALUATION *- continued*

La Esperanza project, Mexico

During 2006, the Company entered into an option agreement to earn a 100% interest in certain claims within the La Esperanza project, subject to an NSR of up to 1%, which can be purchased by the Company for US$100,000. The claims are located in Zacatecas State, Mexico. The Company acquired these claims by making option payments of US$160,000 over a four-year period to May 2011. From 2006 to 2010, the Company added further claims by direct staking to increase the project area.

Other projects

The Company has staked other claims located in Durango State, Mexico which include the Colibri, Carina, Victoria, Vizcaino, and Nora projects. The Company has also staked and holds claims in British Columbia, Canada, which include the Brenda, Lil, Vega, and Granite projects. The Company holds a 100% interest in all of these claims.

Mineral title

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

Expenditures for the periods ending March 31 are as follows:

	2016	2015
Administration	$ 69,637	$ 62,457
Consulting	7,307	11,941
Field costs	6,354	11,718
Geology	10,911	23,554
Land holding costs	164,262	164,506
Legal	-	35,522
Transportation and rentals	921	2,527
	$ 259,392	$ 312,225

Expressed in Canadian Dollars

4. EXPLORATION AND EVALUATION *- continued*

Expenditures for the period and cumulative expenditures as at March 31 are as follows:

2016	Exploration	Cumulative Expenditures
Brenda, Canada	$ -	$ 2,331,353
- Expenditure recoveries	-	(206,329)
Other, Canada	4,290	283,975
- Expenditure recoveries	-	(32,433)
Sandra-Escobar, Mexico	20,478	1,672,758
- Option payments received	-	(500,000)
- Expenditure recoveries	-	(52,386)
Salamandra, Mexico	116,413	5,864,064
- Expenditure recoveries	-	(223,652)
- Option payments received	-	(553,989)
La Esperanza, Mexico	60,729	1,551,855
- Expenditure recoveries	-	(262,373)
- Option payments received	-	(300,000)
Carina, Mexico	17,837	298,807
- Expenditure recoveries	-	(17,498)
- Option payments received	-	(111,875)
Other, Mexico	39,645	2,780,575
	$ 259,392	$ 12,522,852

2015	Exploration	Cumulative Expenditures
Brenda, Canada	$ -	$ 2,331,353
- Expenditure recoveries	-	(206,329)
Other, Canada	315	261,342
- Expenditure recoveries	-	(21,787)
Sandra-Escobar, Mexico	26,526	1,463,828
Salamandra, Mexico	134,202	4,575,031
- Expenditure recoveries	-	(223,652)
- Option payments received	-	(353,989)
La Esperanza, Mexico	97,623	1,396,124
- Expenditure recoveries	-	(260,939)
- Option payments received	-	(300,000)
Carina, Mexico	14,522	251,186
- Expenditure recoveries	-	(17,498)
- Option payments received	-	(111,875)
Other, Mexico	39,037	2,677,966
	$ 312,225	$ 11,460,761

Expressed in Canadian Dollars

5. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of voting common shares without par value.

Private placements

In August 2015, the Company closed a private placement by issuing 3,000,000 units at a price of $0.05 per unit for cash proceeds of $150,000. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one common share of the Company at a price of $0.10 for a period of one year.

In August 2015, the Company also closed a private placement by issuing 600,000 shares at price of $0.045 per share for cash proceeds of $27,000.

In February 2016, the Company completed a private placement of 2,000,000 shares at price of $0.15 per share for gross proceeds of $300,000. The Company paid legal and filing fees of $3,108 in respect of this private placement.

In March 2016, the Company completed a private placement of 4,100,000 shares at price of $0.22 per share for gross proceeds of $902,000. The Company paid a 6% finder's fee of $33,000 for a portion of the shares placed. The Company also paid a due diligence fee of $15,190 and filing fees of $5,260 in respect of this private placement.

6. STOCK OPTIONS AND WARRANTS

Stock option and share purchase warrant activity is summarized as follows:

	Warrants			Options		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Outstanding, December 31, 2014	144,850	$	0.10	4,675,000	$	0.21
Issued/granted	3,000,000	$	0.10	5,000,000	$	0.06
Expired	(144,850)	$	0.10	(2,625,000)	$	0.22
Outstanding, December 31, 2015	3,000,000	$	0.10	7,050,000	$	0.10
Granted	-	$	-	450,000	$	0.21
Expired	-	$	-	(200,000)	$	0.35
Outstanding, March 31, 2016	3,000,000	$	0.10	7,300,000	$	0.10
Exercisable, March 31, 2016	3,000,000	$	0.10	7,300,000	$	0.10

Expressed in Canadian Dollars

6. STOCK OPTIONS AND WARRANTS *– continued*

At March 31, 2016, the Company had outstanding stock options and warrants enabling holders to acquire common shares as follows:

	Number of Shares		Exercise Price	Expiry Date
Options	1,175,000	$	0.20	January 20, 2017
	300,000	$	0.18	October 29, 2017
	375,000	$	0.10	January 4, 2019
	5,000,000	$	0.06	December 21, 2020
	450,000	$	0.21	March 1, 2021
	7,300,000			
Warrants	2,400,000	$	0.10	July 16, 2016
	600,000	$	0.10	August 6, 2016
	3,000,000			

Share-based compensation

Details of incentive stock options granted to directors, officers and consultants of the Company during the periods ended March 31 are as follows:

		2016		2015
Total options granted		450,000		-
Average exercise price	$	0.21	$	-
Estimated fair value of options granted	$	64,997	$	-
Estimated fair value per option	$	0.14	$	-

The fair value of the share-based compensation to be recognized in the accounts has been estimated using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions:

	2016	2015
Risk-free interest rate	0.66%	-
Expected dividend yield	0.00%	-
Expected stock price volatility	89%	-
Expected forfeiture rate	0.00%	-
Expected option life in years	5.00	-

Share-based compensation is recorded over the vesting period of each option grant. The Company has recorded share-based compensation during the period as follows:

		2016		2015
Number of options vested in period		450,000		-
Compensation recognized in period	$	64,997	$	-

Expressed in Canadian Dollars

7. CONVERTIBLE DEBENTURE

Under the terms of its option agreement on the Salamandra project *(Note 4)*, MAG funded certain exploration expenditures on the Salamandra project by advancing funds to CRD under an unsecured, non-interest bearing convertible debenture. Funds received under the debenture were used for incurring such qualifying exploration expenditures on the Salamandra project. In February 2016, MAG withdrew from the agreement without earning an interest in the project. To the date of its withdrawal, MAG had advanced a total of $4,323,549 under the convertible debenture.

The terms of the option agreement provided MAG with the right to convert the debenture into common shares of CRD such that MAG would hold up to a 70% interest in CRD upon exercise of the option. The agreement also provided that should MAG withdraw from the agreement prior to earning an interest, it would forfeit its interest in the convertible debenture. Since the convertible debenture would either be converted into shares or forfeited without repayment, it has been treated as an equity instrument in these financial statements. Accordingly, upon MAG's withdrawal from the agreement, the balance of the convertible debenture has been reclassified to contributed surplus within shareholders' equity.

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company had transactions with related persons or corporations, which were undertaken in the normal course of operations as follows:

- accounts payable and accrued liabilities – related parties includes $1,876 (2015 – $nil) in legal fees due to a law firm in which an officer of the Company is a partner, $nil (2015 - $187,500) in salaries due to the chief executive officer, and $40,000 (2015 – $75,000) in management fees due to the chief financial officer;
- due to related parties consists of loan advances totaling $439,000 (2015 – $295,000) made to the Company by a director, an officer, and a company with a director in common. The loan advances are unsecured, non-interest bearing, and have no fixed terms of repayment *(Note 11)*;
- key management includes executive and non-executive directors and officers. The compensation paid or payable to key management for the periods ended March 31 is as follows:

	2016	2015
Salaries and wages	$ 37,500	$ 37,500
Management fees	19,500	15,000
Legal fees	1,641	-
	$ 58,641	$ 52,500

Expressed in Canadian Dollars

9. COMMITMENT

The Company has entered into a three-year lease agreement for office premises that expires on September 30, 2018. As at March 31, 2016, monthly payments are $3,210 and include basic rent and common operating costs.

Minimum future annual lease payments (based on current common operating costs) are as follows:

		Amount
2016	$	29,123
2017		39,681
2018		30,283
	$	99,087

10. SEGMENTED INFORMATION

The Company currently operates in only one operating segment, that being the mining exploration industry. The Company operates in the following geographical locations:

March 31, 2016		Canada		Mexico		Total
Property and equipment	$	6,513	$	42,823	$	49,336

December 31, 2015		Canada		Mexico		Total
Property and equipment	$	6,921	$	43,681	$	50,602

11. SUBSEQUENT EVENT

Subsequent to March 31, 2016, the Company repaid $132,000 of advances due to related parties.

This Interim Management's Discussion and Analysis ("MD&A") for Canasil Resources Inc. ("Canasil" or "the Company") is dated May 27, 2016, and provides information on the Company's activities for the three months ended March 31, 2016, and subsequent activity to the date of this report. The following discussion and analysis of the financial position and performance of the Company should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the period ended March 31, 2016, prepared in accordance with International Financial Reporting Standards ("IFRS"), as well as the audited annual financial statements and MD&A for the year ended December 31, 2015.

Overview

The Company is engaged in the exploration and development of mineral properties with prospects for gold, silver, copper, zinc and lead in Durango and Zacatecas States, Mexico, and in British Columbia, Canada.

On September 15, 2015, the Company signed an option agreement with Orex Minerals Inc. ("Orex") on the Sandra-Escobar project. Orex has an option to earn up to a 65% interest in the project. After completing an initial surface sampling program in December 2015 to confirm Canasil's earlier surface sampling results, Orex completed a 17-hole 2,000-metre Phase-1 drill program in February 2016 and began a Phase-2 drill program in March 2016. Orex has now completed the Phase-2 drill program of 21 drill holes for approximately 2,500 metres, for a total of 38 holes or 4,357 metres in both phases of drilling. Results for 30 drill holes have been released to date. In May 2016, Orex granted a contract to Mining Plus to complete an initial resource estimate at Sandra-Escobar.

After completing three phases and 14,382 metres of drilling at the Salamandra project, in February 2016, MAG Silver Corp. ("MAG") elected not to continue with the Salamandra option and as a result the Company retains a 100% interest in this project.

In Mexico and British Columbia, all core mineral claims were maintained in good standing and the Company continued discussions on potential cooperation agreements and funding possibilities to advance its projects.

Jerry Blackwell, P. Geo. British Columbia and Advisor to the Board of Canasil is the Company's designated Qualified Person in accordance with National Instrument 43-101 in relation to data provided with regard to exploration programs undertaken by the Company. On projects under option with MAG and Orex, the Company has relied on the Qualified Persons at these companies who are responsible for the exploration programs under the terms of option agreements.

During the period, the Company sold marketable securities for $213,480, realizing a gain of $143,524, and completed two private placements for net cash proceeds of $1,145,442. The Company granted 450,000 incentive stock options to employees and consultants during the period.

Outlook

Since December 2015, gold, silver and metal prices have staged a gradual recovery with silver currently trading up to $17 per ounce. This has resulted in a more optimistic environment for the resource and exploration sectors, and together with the encouraging results from the Sandra-Escobar drill program, a marked increase in the Company's share price and market capitalization. Furthermore, larger and mid-tier mining companies are increasingly aware that cut-backs to their direct exploration programs as well as lack of funding for junior explorers has resulted in a lack of new discoveries to replace reserves. Consequently there is greater interest in concluding cooperation agreements to advance exploration projects and in acquiring new projects, as well as a higher number of acquisitions of companies with mineral assets. These are positive factors given the Company's strong portfolio of exploration projects.

The Company continues to focus on attracting additional high quality joint venture partners for its drill-ready projects, to provide cash payments and allow for further work and results without additional dilution. The Company has also had discussions with regard to the potential sale of certain exploration properties to provide for non-dilutive funding. Discussions are currently in progress with a number of interested parties for agreements to create value for shareholders and enhance the value of the Company's assets. The sale of Orex shares and the completion of two private placements in early 2016 has increased the Company's working capital and will assist management to continue with new initiatives in 2016. In addition, results from the ongoing drill program being conducted by Orex at the Company's Sandra-Escobar project are encouraging. These developments together with the more positive outlook for the resource and exploration sector and metal prices have created conditions under which the Company can now consider plans to advance and create value on its earlier stage exploration projects, continue efforts to conclude option and cooperation agreements on its more advanced projects with favourable terms as well as strengthen its working capital further in a manner which minimizes dilution to our shareholders.

Mineral Properties

The Company has the following mineral exploration projects in Mexico and Canada:

Durango and Zacatecas, Mexico:	British Columbia, Canada
• Sandra silver-gold project – 100%, and Escobar silver-gold claims – 40%, subject to option agreement with Orex • Salamandra zinc-silver project – 100% in part, plus option to earn 100% • La Esperanza silver-zinc-lead project – 100% • Carina silver project – 100% • Colibri silver-zinc-lead-copper project – 100% • Vizcaino silver-gold project – 100% • Victoria zinc-silver project – 100% • Nora silver-gold-copper project – 100%	• Brenda, gold-copper property – 100% • Vega, gold-copper property – 100% • Granite, gold property – 100% • LIL, silver property – 100%

Exploration Projects in Mexico

Sandra-Escobar

The 100%-owned Sandra silver-gold project covers 6,342 hectares, and is located 200 kilometres northwest of the City of Durango. The Company also has a 40% interest in the adjoining 634-hectare Escobar claims of Pan American Silver Corp., earned under an option agreement with Pan American between 2008 and 2012. The project hosts a high level silver-gold system centred on a large altered rhyolite dome complex, with widespread silver, gold, and base metal mineralization, indicating potential for disseminated mineralization, as well as several high-grade silver-gold-base metal veins.

The Company's previous exploration programs have included extensive geological mapping and surface sampling, a 420 line-kilometre ZTEM airborne geophysical survey, petrographic analysis of surface samples, high resolution satellite imaging and topographic mapping surveys, a 1,848-metre diamond drill program in eleven drill holes, ASTER satellite alteration imaging survey and an 11.8 line-kilometre ground IP survey. These programs suggest a large hydrothermal system centred on an intrusive source, and identified seven significant silver-gold-base metal drill targets over an area of 25 square kilometres. The results indicate a similar geologic setting to other significant silver and gold deposits in northern Durango State such as Silver Standard Resources' La Pitarrilla deposit and Argonaut Gold's San Agustin deposit.

In September 2015, the Company signed an option agreement providing Orex with the right to earn up to a 65% interest in the project. Orex can earn an initial 55% interest by paying the Company $500,000 (received) and incurring US$2,000,000 in exploration expenditures over a three-year period. The first year expenditure requirement of US$675,000 is a firm commitment with optional minimum annual expenditures of US$500,000 in subsequent years. Upon vesting its 55% interest, Orex can earn an additional 10% interest by paying the Company $500,000 in cash or shares, at Orex's option, and incurring an additional US$2,000,000 in exploration expenditures within two years. The Company has a Director in common with Orex.

In October 2015, an initial surface sampling program at the project confirmed Canasil's earlier sampling results indicating both high-grade and disseminated near surface silver mineralization in the south-east of the project area. In December 2015 Orex began a 2,000-metre Phase-1 core drilling program in this zone. This 17-hole program was completed in mid-February 2016. Fifteen of the 17 drill holes drilled over a strike distance of 550 metres and a width of approximately 150 metres returned significant near surface disseminated silver mineralization in a tabular body with a thickness varying between approximately 25 metres to 45 metres. The highest grade intercept was drill hole SA-15-001 returning a 61-metre core length (43.1 metres true thickness) grading 359 grams per tonne ("g/t") silver ("Ag"), starting from surface. The lowest grade intercept was SA-16-014 returning 29 metres (true thickness 28.01 metres) grading 63 g/t Ag. The consistency of grades within the mineralized intervals is favourable and suggests that silver mineralization is continuous through the mineralized zone and through individual drill intercepts.

In March 2016 Orex began a Phase-2 core drilling program, which has recently been completed with 21 additional drill holes for a total of approxiamately 2,357 metres. Results for 13 holes of this program were released on May 9 and May 24, 2016. These drill holes were partly infill drill holes to test the continuity of mineralization between sections drilled in the Phase-1 program and partly deeper drill holes on previously drilled sections to extend the width of the mineralized zone. The best results were from drill hole SA-16-019 which returned 49.15 metres true thickness with 205 g/t Ag, and SA-16-023 which returned 40.50 metres true thickness grading 218 g/t Ag. All the drill holes within the main mineralized zone ("Main Zone") returned significant intercepts of disseminated silver mineralization confirming the consistency and continuity of mineralization in this zone. In addition, two step-out holes to the west of the Main Zone, SA-16-027 and 028, intersected 25.46 metres true thickness of 39 g/t Ag and 22.98 metres true thickness of 32 g/t Ag. These holes were drilled on the flank of a hill located to the northwest of the Main Zone and may indicate a favourable target for a potentially new zone of silver mineralization ("Cerro Chato Zone"). Further mapping and sampling is planned for several important targets, including Cerro Chato, in the next phase of exploration. In May 2016, Orex granted a contract to Mining Plus to complete an initial resource estimate focused on the Main Zone which has been outlined by the Phase-1 and Phase-2 drill programs.

Silver mineralization in the current drill zone is hosted along the flank of a rhyolite volcanic dome in an area of the project which prior to December 2015 had no prior drilling. Mineralization is hosted in an altered and highly permeable volcanoclastic unit, with disseminations of silver bearing minerals and broadly spaced stockwork veinlets. Orex's working model has a porphyritic rhyolite unit as an impermeable cap, which may have focused mineralizing fluids into the host permeable volcanoclastic unit. Geochemical analyses indicate no significant gold, lead, zinc, arsenic and antimony associated with the silver mineralization.

Developments at Sandra-Escobar are encouraging and, while still in the early stages of the exploration drill program, confirm the discovery of and indicate the potential for a significant near-surface mineralized zone.

Salamandra

The Salamandra zinc-silver project is located in Durango State, 35 kilometres northeast of the City of Durango, with excellent access by paved and gravel roads. The project area covers 14,719 hectares, acquired through staking of claims and an option to purchase a 100% interest in the central 900 hectares of claims, subject to a net smelter returns royalty of 2%. The Company can make option payments based on a specific schedule of payments that total US$600,000 over a period of eight years from 2012 to 2019, of which US$175,000 has been paid to date.

Past exploration by Canasil at Salamandra includes geological mapping and surface sampling, 3D-IP ground geophysics, ZTEM airborne geophysics and twelve diamond drill holes for a total of 3,595 metres. Eleven out of the twelve drill holes intersected zinc-silver mineralized zones, including high grade silver and zinc intercepts of up to 12.00% zinc ("Zn") over 7.45 metres and 102 g/t Ag over 9.85 metres within wider mineralized sections. The ZTEM airborne geophysics and detailed surface sampling identified a large electromagnetic signature over an area of 3.5 kilometres by 2.5 kilometres, a vein exposure where a 0.90 metre sample returned 2,150 g/t Ag, 5.39% copper ("Cu") and 1.89% Zn, and significant silver-copper-zinc-lead as well as arsenic-antimony geochemical anomalies providing indications of the potential for a buried intrusive hosted mineralized system. The principal target at Salamandra is centred upon a funnel-shaped granitic intrusive and dyke complex that cuts highly folded mudstones, greywacke and limestone. The older sedimentary rocks have been contact metamorphosed by the intrusive complex, resulting in limestone converting to skarn and the older units becoming hornfels. The geology and style of mineralization observed at Salamandra are similar to the San Martin-Sabinas silver-base metal mines, located 80 kilometres southeast of the project.

In May 2013, the Company signed an option agreement with MAG on the Salamandra project providing MAG with the right to earn up to a 70% interest in the property. The Salamandra property is held by Minera CRD S.A. de C.V. ("Minera CRD"), a wholly-owned subsidiary of CRD Minerals Corp. ("CRD"), a wholly-owned subsidiary of the Company. Under the agreement, MAG had the option to incur qualifying expenditures on the Salamandra property either directly, or by advancing funds to CRD under a non-interest bearing convertible debenture, which funds would be used to incur expenditures on the property by Minera CRD. Were MAG to earn an interest in the Salamandra property, the convertible debenture would be converted into common shares of CRD such that MAG would hold up to a 70% interest in CRD. The agreement also provided that should MAG withdraw from the agreement prior to earning an interest, it would forfeit its interest in the convertible debenture without repayment. In February 2016, MAG withdrew from the agreement without earning an interest in the project and as a result Canasil retains a 100% interest in Salamandra. The Company received cash payments totaling $500,000 from MAG during the period of the agreement.

MAG reported completion of $5.8 million in cumulative qualifying expenditures to December 31, 2015. The exploration programs included surface sampling and data review in 2013, followed by Phase-1, Phase-2, and Phase-3 diamond drill programs for a total of 14,382 metres in 23 drill holes in 2013, 2014 and 2015. The surface sampling and data review identified indications of a large carbonate replacement deposits at Salamandra. The drill programs reported encouraging high-grade silver-copper-zinc intercepts, pervasive zinc mineralization, and finally an interesting interval of gold-tungsten mineralization.

In the Phase-1 drill program, hole SA14-15 intersected high-grade silver-copper mineralization over 7.89 metres, assaying 166 g/t Ag and 1.2% Cu, including 2.3 metres grading 393 g/t Ag and 3.6% Cu with anomalous lead and zinc. Hole SA13-13 cut 31.72 metres grading 3.5% Zn including 17.72 metres grading 5.0% Zn with no other anomalous metals. Notably, SA13-13 contained zinc mineralization for almost its entire length, with 810 metres averaging 0.6% Zn including several thick zones grading over 1.5% Zn. Drill Hole SA14-14 returned two intercepts, one with 0.48 metres of 197 g/t Ag, 0.4% Cu and 1.1% Zn, and the second with 0.42 metres of 108 g/t Ag, 0.5% Cu, and 0.6% Zn. The remaining three holes cut strongly anomalous silver, copper, zinc and lead.

The Phase-2 drill program consisted of five follow-up drill holes from the Phase-1 program and seven exploration drill holes. Hole SA14-20 cut 0.63 metres grading 258 g/t Ag with 0.27% Cu lying immediately above 9.9 metres grading 2.3% Zn. These values and relative position are very similar to that seen 380 metres deeper in SA14-15 and appear to reflect the same mineralized zone. Drill holes SA14-19, 22, and 24 all cut significant widths of zinc mineralization but the intercept geometries prevent correlation. The seven exploration holes tested the remaining previously undrilled half of the circumference of the intrusive centre. Hole SA14-28 was the best of these exploration holes, cutting 173.46 metres of 1.0% Zn starting 20 metres below the surface. Drill holes SA14-25 and SA14-18, were drilled away from the intrusive centre to test under a cover of young basalt flows that flank the entire project area; both cut major faults interpreted to be the reactivated western margin of the Central Mexico Basin, the principal regional structural control on several major CRD-skarn systems. Pervasive zinc mineralization intersected in most of the drill holes and the high-grade silver-copper intercepts indicate the potential for a large metalliferous system at Salamandra.

The Phase-3 drill program consisted of 4,270 metres in six drill holes to test for skarn mineralization in more favorable host rocks (limestones) at depth beneath the strongest silver-copper-antimony mineralization with associated skarn alteration seen at surface and in earlier drilling. No limestones were encountered and, as in Phase-1 and Phase-2 drilling, appreciable widths of strongly anomalous zinc mineralization were cut in three of the new holes (SA15-32, 34, and 35). The best dispersed zinc interval was hole SA15-34 with 28 metres grading 1.43% Zn. The best narrow high-grade zinc zone was in Hole SA15-31 with 0.79 metres grading 7.79% Zn. Strongly anomalous copper with no appreciable silver was cut in three holes. Unlike any previous drilling, strongly anomalous gold and tungsten was intersected in the final hole, which was drilled farther east than any previous drilling on the principal target area. Hole SA15-35 cut two zones of coherent gold mineralization at 895–931 metres downhole depth: 9.33 metres grading 1.01 g/t Au; including 0.88 metres grading 3.6 g/t Au and 8.07 metres grading 1.36 g/t Au, including 2.31 metres grading 2.96 g/t Au. These zones occur in hornfels that extend from approximately 650 to 931 metres. The highest grade tungsten is 0.9 metres of 0.38%. A broad zone of dispersed zinc mineralization (29.9 metres grading 0.5% Zn) lies just above the gold zone.

Salamandra manifests signs of an extensive, complex system with a strong metals endowment. The intersection of appreciable gold and tungsten mineralization may suggest that the system remains open for expansion through additional drilling.

Qualified Person, Quality Assurance and Control: The above results were compiled and provided by MAG; for details regarding the Qualified Person and Quality Assurance and Control procedures, please refer to the MAG news release dated March 17, 2014 for the Phase-1 results, and July 21, 2014, for the Phase-2 results, and December 17, 2015, for the Phase-3 results.

La Esperanza

The 100% owned La Esperanza silver-zinc-lead project claims cover 14,916 hectares and are located on the border of Durango and Zacatecas States, 100 kilometres south-southeast of the City of Durango. The project is located in a prolific mining district on the major Fresnillo silver trend, 80 kilometres northwest of the Fresnillo mine, and approximately 35 kilometres from Pan American Silver's la Colorada mine, and First Majestic Silver's La Parrilla and Del Toro mines. Prior exploration has been conducted by Canasil and also by MAG under an option agreement between August 2010 and May 2013. As a result systematic and comprehensive exploration programs have been conducted on the project, including satellite imaging and high resolution mapping, 1,330 line-kilometre ZTEM airborne geophysical survey, extensive geological mapping and sampling and 1,432 metres drilling in nine drill holes by Canasil and 6,296 metres of drilling in 23 diamond drill holes by MAG. Drilling to date has returned wide high-grade silver-lead-zinc intercepts from the La Esperanza vein, which is open in all directions. The highest grade and widest intercept was from ES-06-05 which returned 10.30 metres true width of 396 g/t Ag, 0.71% Zn and 1.96% Pb. Drilling below a blind section approximately 100 metres northwest of the La Esperanza vein outcrop intersected the higher levels of the vein with increasing widths and grades with depth. The lowest intercept approximately 250 metres below surface intersected 8.20 metres true width with 98 g/t Ag, 0.19 g/t Au, 1.16% Pb and 2.42% Zn, which included 1.96 metres grading 278 g/t Ag, 0.17 g/t Au, 2.84% Pb and 5.82% Zn.

Four high-grade silver-lead-zinc vein occurrences have been identified in the northwest of the project area. Two of these have been tested with initial drill programs, which indicated potential for significant silver-lead-zinc mineralization.

Other projects, Mexico

All core project claims were maintained in good standing with all required claim taxes paid on these core claims. The company maintains a full time exploration team based in Durango, Mexico. The company is evaluating new areas within its mineral claims in Mexico to identify new prospective targets as part of its exploration program.

Exploration projects in British Columbia, Canada

Brenda gold-copper project

The Brenda gold-copper project covers 4,450 hectares, and is located in north-central British Columbia, 25 kilometres northwest of the past producing Kemess South Mine. Cumulative exploration expenditures of over $3.8 million to date include satellite surveys, airborne and ground geophysics, extensive geological mapping and sampling and 11,000 metres of diamond drilling in 64 drill holes. These programs have confirmed the potential for a deep-seated porphyry gold-copper system at the Brenda project, possibly similar in style to mineralization found at the nearby Kemess Underground (North Kemess) deposit being advanced by AuRico Metals Inc.

Two previous deep drill holes intersected broad gold-copper mineralized zones with increasing grades to a depth of 560 metres, with the average grade of five intercepts above a depth of 450 metres returning 0.48 g/t Au and 0.079% Cu over a combined intercept length of 394 metres, and the average grade of three intercepts below 450 metres returning 0.68 g/t Au and 0.116% Cu over a combined intercept length of 93 metres. A significant number of drill core samples returned assays of over 1.0 g/t Au and 0.15% Cu. The mineralized system averages 300 to 400 metres in width, and has been traced along a strike length of 400 metres by drilling, with a potential strike length in excess of 1,000 metres indicated by the chargeability anomalies observed in a 3-Dimensional Induced Polarization geophysical survey. In August 2013 a 962-metre diamond drill hole, BR-13-01, was completed to twin BR-07-04 and investigate the possibility of higher grade gold-copper mineralization at depth. This drill hole returned lower grades than the equivalent intercepts in BR-97-04 from 504 metres to 572 metres, and the intercepts below 570 metres returned no significant gold-copper mineralization with only low copper and gold values over certain intervals. The mineralized intercepts and post mineral intrusions observed in drilling to date reflect the characteristic signature observed in large porphyry systems. Further review will be required to determine the structural setting based on the prior data and deeper penetrating geophysical surveys are needed to define prospective mineralized zones.

There was no field work carried out on the Brenda project during the year. Assessment filings based on exploration work completed in 2013 were completed to extend the claim validity on all Brenda claims to the maximum allowable to May 30, 2024.

Other projects in British Columbia, Canada

In British Columbia, the mineral claims have been maintained in good standing There was no active work during the period and the Company is evaluating possibilities for funding to undertake exploration programs to advance these projects in 2016.

Mineral Properties – Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures in the period incurred. A summary of the Company's exploration and evaluation expenditures for the periods ended March 31 follows:

	2016	2015
Mexico		
Sandra-Escobar Project		
Administration	$ 10,007	$ 8,153
Field costs	1,520	498
Geological	8,116	3,820
Land holding costs	-	14,055
Mapping and surveying	835	-
	20,478	26,526
Salamandra Project		
Administration	1,865	7,815
Consulting	7,307	11,941
Field costs	4,834	10,224
Geological	-	7,199
Land holding costs	102,321	59,050
Legal	-	35,522
Transportation and rentals	86	2,451
	116,413	134,202
La Esperanza Project		
Administration	29,676	30,025
Field costs	-	853
Geological	2,795	9,335
Land holding costs	28,258	57,410
	60,729	97,623
Carina Project		
Administration	8,716	4,464
Geological	-	335
Land holding costs	9,121	9,723
	17,837	14,522
Other Projects		
Administration	19,373	12,000
Field costs	-	219
Geological	-	2,865
Land holding costs	20,272	23,953
	39,645	39,037
Canada		
Other Projects		
Land holding costs	4,290	315
Total costs for period	$ 259,392	$ 312,225

Exploration and evaluation expenditures for the periods ending March 31, by activity, are as follows:

		2016		2015
Administration	$	69,637	$	62,457
Consulting		7,307		11,941
Field costs		6,354		11,718
Geological		10,911		23,554
Land holding costs		164,262		164,506
Legal		-		35,522
Transportation and rentals		921		2,527
	$	259,392	$	312,225

Results of Operations

The Company had a loss for the current period of $272,618, which compares to a loss of $380,243 for the comparative period. Significant items included in loss for the period are as follows:

		2016		2015
Exploration and evaluation	$	259,392	$	312,225
Foreign exchange loss (gain)	$	11,614	$	(20,405)
Management fees	$	19,500	$	15,000
Office services and supplies	$	18,116	$	17,306
Salaries and wages	$	44,417	$	37,500
Share-based compensation	$	64,997	$	-
Gain on sale of marketable securities	$	(143,524)	$	-
Deferred income tax recovery	$	(34,574)	$	-

The current loss includes general and administrative expenses of $191,324 (2015 - $90,464) and exploration and evaluation expenditures of $259,392- (2015 - $312,225). General and administrative expenses include share-based compensation, a non-cash item, of $64,997- (2015 - $nil) – the Company granted 450,000 incentive stock options during the current period; no options were granted in the prior period. During the period, the Company experienced a foreign exchange loss of $11,614 compared to a foreign exchange gain of $20,405 in the prior period. The Company sold marketable securities during the quarter and realized a gain of $143,524. Included in loss for the period is a deferred income tax recovery of $34,574 (2015 - $nil) relating to unrealized gains on available-for-sale marketable securities of $244,956 recorded in accumulated other comprehensive income.

Exploration and evaluation expenditures totalled $259,392 (2015 - $312,225) which were lower than those incurred in 2015 primarily due to a decrease in costs relating to the Salamandra and La Esperanza projects. Exploration and evaluation costs include $116,413 (2015 - $134,202) that were incurred on the Salamandra project all of which (2015 - $110,089) were funded by advances from MAG under its convertible debenture (see *"Liquidity and Capital Resources"*). Exploration expenditures on the Company's other projects totalled $142,979 (2015 - $178,023).

The Company had other comprehensive income of $210,382 during the period ($nil in 2015) from unrealized gains on available-for-sale marketable securities (see *"Liquidity and Capital Resources"*). Comprehensive loss for the current period totalled $62,236, which compares to a comprehensive loss of $380,243 for the prior period.

Net cash used for operating activities during the period, before changes in non-cash working capital items, was $384,453 (2015 - $378,612), which includes $259,392 (2015 - $312,225) in exploration and evaluation expenditures. Changes in non-cash working capital items for the current period include a decrease in receivables of $35,949, which relates primarily to the recovery of value-added taxes in Mexico, and a decrease in accounts payable of $97,504. Cash provided by investing activities totalled $213,480 and consists of the proceeds from the sale of Orex shares (see *"Liquidity and Capital Resources"*). Net cash provided by financing activities during the period was $1,065,442 (2015 - $203,022) as a result of the Company completing two private placements for net proceeds of $1,145,442 (2015 - $nil), repaying $80,000 in loan advances from related parties (2015 - $110,000 loan advances received), and receiving $nil (2014 - $93,022) in advances from MAG under the convertible debenture. .

Summary of Quarterly Information

The following table provides selected financial information of the Company for each of the last eight quarters presented in accordance with IFRS:

Year	**2016**	**2015**				**2014**		
Quarter ended:	**Mar. 31**	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**	**Dec. 31**	**Sept. 30**	**Jun. 30**
Revenue	-	-	-	-	-	-	-	-
Exploration and evaluation expenses	$259,392	$103,831	$1,165,646	$233,222	$312,225	$619,382	$388,204	$926,962
Option payments received	-	-	$500,000	$200,000	-	-	-	$150,000
Share-based compensation expense	$64,997	$143,635	-	-	-	-	-	-
Gain on sale of marketable securities	$143,524	-	-	-	-	-	-	-
Loss for the period	$272,618	$342,048	$770,924	$147,778	$380,243	$723,081	$477,484	$899,601
Other comprehensive loss (income)	$(210,382)	$133,000	$(154,000)	-	-	-	-	-
Comprehensive loss for the period	$62,236	$475,048	$616,924	$147,778	$380,243	$723,081	$477,484	$899,601
Loss per share: basic and diluted	$0.00	$0.00	$0.01	$0.01	$0.00	$0.01	$0.01	$0.01
Weighted-average shares	86,611,520	84,659,872	83,857,698	81,059,872	81,059,872	79,635,525	79,022,656	78,237,873

Discussion of Quarterly Information

During the second quarter of 2014, with the drill program at Salamandra being completed in May, the Company recorded $883,332 in exploration costs on its Salamandra project. The Company also received the first-anniversary payment of $150,000 from MAG under the Salamandra agreement. During the third quarter of 2014, the Company undertook field programs on its Vega, Lil, and Granite projects and maintained core properties. Exploration and evaluation expenditures for the third quarter of 2014 include land holding and surface access costs of $217,010, which compares to $152,414 for the same quarter of 2013. There was no drilling completed on Salamandra during the quarter. During the fourth quarter of 2014, analytical and interpretive work continued at Salamandra with costs of $548,088 being recorded; work on the Company's other properties was limited as it endeavoured to conserve cash.

In the first quarter of 2015, the Company conducted minimal exploration work except for modelling and interpretative work on its Salamandra project in preparation for the Phase-3 drill program. The Company maintained its core properties in good standing. Exploration and evaluation expenditures for the first quarter of 2015 include land holding costs of $164,506, which compares to $162,057 for the same quarter of 2014. During the second quarter of 2015, the Company remained relatively inactive, but continued with modelling and interpretative work on its Salamandra project in preparation for the Phase-3 drill program, which began in July 2015. The Company received the second-anniversary option payment of $200,000 from MAG on the Salamandra project in May 2015. In the third quarter of 2015, the Company recorded $957,682 in exploration costs on its Salamandra project relating primarily to the Phase-3 drill program overseen by MAG during the quarter. The Company incurred $212,391 in land holding and surface access costs, which compares to $217,010 for the same quarter of 2014. In September 2015, the Company received the initial option payment of $500,000 from Orex under its option agreement on the Sandra-Escobar project. The Company also recorded an unrealized gain of $154,000 on marketable securities during this quarter (see *"Liquidity and Capital Resources"*). During the fourth quarter of 2015, the Company was relatively inactive as it continued to conserve cash while it monitored Orex's progress at Sandra-Escobar and awaited further results from the Phase-3 drill program at Salamandra, which were received in mid-December. The Company granted 5,000,000 incentive stock options during the quarter and recorded share-based compensation of $143,635. Due to a decrease in the prices of the Company's marketable securities, it recorded an unrealized loss of $133,000 on marketable securities during this quarter.

During the first quarter of 2016, the Company was relatively inactive on its mineral properties except for monitoring Orex's progress at Sandra-Escobar. The Company sold marketable securities and realized a gain of $143,524. Included in loss for the period is a deferred income tax recovery of $34,574 (2015 - $nil) relating to unrealized gains on available-for-sale marketable securities recorded in accumulated other comprehensive income.

Liquidity and Capital Resources

The Company has no income from operations and is dependent upon raising funds through the issuance of shares or disposing of interests in its mineral properties (by option, joint venture or outright sale) in order to finance further acquisitions, undertake exploration and development of mineral properties, and meet general and administrative expenses. Accordingly, management has identified certain conditions that cast significant doubt upon the Company's ability to continue as a going concern (see Note 1 to the March 31, 2016 condensed interim consolidated financial statements). While the Company has significantly improved its working capital position over the past several months, the Company currently has limited cash resources and there can be no assurance that it will be successful in securing the financing required to continue operations and advance its mineral projects in the long-term.

The Company's working capital position consists of the following:

	March 31, 2016	December 31, 2015
Cash	$ 1,035,260	$ 203,294
Marketable securities	546,000	371,000
Receivables	126,357	162,306
Prepaids	8,266	7,354
Accounts payable and accrued liabilities	(160,225)	(201,509)
Accounts payable and accrued liabilities – related parties	(41,876)	(98,132)
Due to related parties	(439,000)	(519,000)
Working capital (deficiency)	$ 1,074,782	$ (74,687)

At December 31, 2015, the Company owned 1,400,000 shares of Orex and 1,400,000 shares of Barsele Minerals Corp. ("Barsele"). The market values of the shares were $210,000 and $161,000, respectively. In February 2016, the Company sold 700,000 Orex shares for cash proceeds of $213,480. As at March 31, 2016, the market values of the 700,000 Orex shares and 1,400,000 Barsele shares were $308,000 and $238,000, respectively. As at the date of this report, the market value of these shares totals $1,400,000.

As at March 31, 2016, the Company had short-term debt consisting of loan advances due to related parties totalling $439,000. These advances are unsecured, non-interest bearing, and have no fixed repayment terms. Subsequent to March 31, 2016, the Company repaid $132,000 of these advances.

To March 31, 2016, the Company had received $4,323,549 in advances under the convertible debenture with MAG (see *"Mineral Properties"*). Funds received under the debenture were used for incurring certain qualifying exploration expenditures on the Salamandra project under the option agreement with MAG. In February 2016, MAG withdrew from the agreement without earning an interest in the project. Were MAG to have earned an interest in the Salamandra property, the convertible debenture would have been converted into common shares of the Company's subsidiary, CRD Minerals Corp. The agreement provided that should MAG withdraw from the agreement prior to earning an interest, it would forfeit its interest in the convertible debenture without repayment. Accordingly, upon MAG's withdrawal from the agreement, the balance of the convertible debenture has been reclassified to contributed surplus within shareholders' equity.

The Company has an underlying option agreement on certain of the Salamandra claims that requires scheduled future cash payments to maintain its interest, however, these payments may be made at the discretion of the Company and are not firm commitments. Land holding costs are incurred at management's discretion. In January 2016, the Company signed employment and management agreements with its chief executive officer and chief financial officer. These contracts for aggregate monthly compensation totalling $19,000 per month also provide for severance provisions should the contracts be terminated without cause or should there be a change of control of the Company or a sale of substantially all of its assets. The Company has also signed a lease agreement for office premises that expires on September 30, 2018; current payments required under the lease are $3,210 per month.

During the current period, the Company experienced cash administrative expenses of approximately $114,000 and cash exploration and evaluation expenses of approximately $259,000. As at March 31, 2016, the Company did not have sufficient working capital to meet its overhead and minimum exploration and land holding requirements for the ensuing twelve months. However, management considers the Company's current working capital resources to be sufficient to meet its overhead requirements and minimum exploration expenditures for the balance of 2016. The administrative budget and the exploration and land holding budgets for each of the Company's properties are established depending on expected cash resources and such budgets are regularly adjusted according to actual cash resources. Given the current uncertainty in the capital markets, the extent of such programmes will be tailored to available cash resources.

Given the Company's large portfolio of prospective projects, management is focused on arranging further option and joint venture agreements to advance its exploration projects through the coming year in a non-dilutive manner as far as possible, or sales of certain assets to generate required funding. A successful outcome of such efforts is not assured.

Related Party Transactions and Key Management Compensation

The Company had transactions with related persons or corporations, which were undertaken in the normal course of operations as follows:

Accounts payable and accrued liabilities – related parties include $1,876 (2015 – $ nil) in legal fees due to Vector Corporate Finance Lawyers, a firm at which Graham Scott, an officer of the Company, is a partner; $nil (2015 – $187,500) in salaries due to the Bahman Yamini, chief executive officer, and $40,000 (2015 - $75,000) in management fees due to Kerry Spong, chief financial officer;

Due to related parties includes loan advances totalling $439,000 (2015 – $295,000) made to the Company by Bahman Yamini, a director, Kerry Spong, an officer, and Essec Enterprises Ltd., a company of which Bahman Yamini is a director. The loan advances are unsecured, non-interest bearing, and have no fixed terms of repayment;

Key management includes executive and non-executive directors and officers. The compensation paid or payable to key management for the periods ended March 31 is as follows:

		2016		2015
Salaries and wages – Bahman Yamini	$	37,500	$	37,500
Management fees – Kerry Spong		19,500		15,000
Legal fees – Vector Corporate Finance Lawyers		2,499		-
	$	59,499	$	52,500

The Company relies heavily on its directors and officers for many of its administrative and professional services.

Changes in Accounting Policies

There were no changes in accounting policies during the period ended March 31, 2016. A detailed listing of the Company's significant accounting policies and recent pronouncements is contained in Note 2 to the December 31, 2015 audited consolidated financial statements.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate such arrangements in the foreseeable future.

Proposed Transactions

The Company is currently in various discussions with other companies with respect to the funding and advancement of its projects, however, it does not have any proposed transactions as at the date of this report.

Critical Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual amounts could differ from these estimates.

The Company's most significant accounting judgements relate to the probability of recognition of the benefit of deferred tax assets, the determination of assumptions used to estimate share-based compensation, and the determination of functional currency.

The Company has not recognized its deferred tax assets as management does not currently consider it probable that these assets will be recovered.

The Company uses the Black-Scholes Option-Pricing Model to estimate the fair value of stock options, which requires the input of highly subjective assumptions including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate. Changes in these subjective input assumptions can materially affect the fair value estimate. Share-based compensation is a non-cash expense item that affects profit or loss and shareholders' equity, and has no effect upon the Company's assets or liabilities.

The Company has considered all primary and secondary indicators under IFRS and determined that the functional currency of its subsidiaries is the Canadian dollar. While transactions conducted outside of Canada are typically denominated in either the Mexican peso or the U.S. dollar, the subsidiaries have no revenues from operations and are entirely dependent upon the Company for financing of its operations and exploration activities, which are largely determined in Canada.

Financial Instruments

The Company's financial instruments consist of the following:

		March 31, 2016		December 31, 2015
Cash				
Cash on deposit	$	1,035,260	$	63,396
Cash restricted		-		139,898
	$	1,035,260	$	203,294
Marketable securities	$	546,000	$	371,000
Receivables				
Value-added taxes	$	120,387	$	152,690
Goods and services tax and other		5,970		9,616
	$	126,357	$	162,306
Reclamation bonds	$	28,000	$	28,000
Accounts payable and accrued liabilities				
Accounts payable	$	126,315	$	175,558
Accrued audit, legal, exploration and other		75,786		124,083
	$	202,101	$	299,641
Due to related parties	$	439,000	$	519,000

Cash is classified as fair value through profit or loss and carried at fair value measured using a Level 1 fair value measurement. Marketable securities are classified as available-for-sale financial assets and carried at fair value measured using a Level 1 fair value measurement. The Company's receivables and reclamation bonds are classified as loans and receivables and carried at amortized cost; the Company's accounts payable and due to related parties are classified as other financial liabilities. The carrying values approximate their fair values due to the short-term nature of these instruments. The advances due to related parties are non-interest bearing and have no fixed terms of repayment. The Company has no derivatives, forward contracts, or hedges.

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. All of the Company's Canadian cash and reclamation bonds are held in interest bearing accounts and short-term guaranteed investment certificates at major Canadian banks and such balances earn interest at market rates. The Company also maintains cash in the Mexican peso and U.S. dollar, which is held through major banks in Mexico and used to fund its foreign projects. Management considers the credit risk associated with its cash balances to be low. The Company is exposed to credit risk in respect of IVA refunds receivable from the government of Mexico. Management continues to use its best efforts to obtain such refunds.

The Company is exposed to market risk, which is the risk that the fair values of financial instruments will fluctuate with changes in market prices. A significant market risk to which the Company is exposed is currency risk. The cash balances, receivables, and payables that are denominated in pesos and U.S. dollars are subject to currency risk due to fluctuations in the exchange rate between the Canadian dollar and the peso/U.S. dollar. At March 31, 2016, the Company held the equivalent of $74,490 in cash, $120,386 in receivables, and $114,247 in accounts payable, all of which are denominated in pesos; the Company held only a nominal amount of cash denominated in U.S. dollars. Based on the Company's peso denominated monetary assets and liabilities as at March 31, 2016, each 1% fluctuation in the exchange rate with the Canadian dollar would result in a gain or loss of approximately $806. To manage currency risk, the Company maintains only the minimum amount of foreign cash that is necessary to fund its ongoing exploration and evaluation expenditures. Accounts payable denominated in foreign currencies are settled in a timely manner.

The Company's marketable securities are subject to market downturns and declines in share prices and therefore the Company is exposed to significant market risk in respect of these financial instruments.

Due to the value and nature of the Company's financial instruments, it is management's opinion that the Company is not exposed to significant interest rate risk in respect of these financial instruments. The carrying value of the financial assets recorded in these financial statements, totalling $1,735,617, represents the Company's maximum exposure to credit and market risk as at March 31, 2016.

The Company is exposed to liquidity risk due to its limited cash resources such that it may not be able to meets its obligations under its financial instruments as they fall due. The Company manages this risk by maintaining cash balances to ensure that it is able to meet its short- and long-term obligations as and when they fall due. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the current year.

Disclosure for Venture Issuers without Significant Revenue

The Company has no source of operating revenue. The Company's consolidated financial statements for the period ended March 31, 2016 provide a breakdown of the general and administrative expenses for the year under review and an analysis of the exploration and evaluation expenses incurred on its mineral properties.

Outstanding Share Data

Shares

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at March 31, 2016 and the date of this report, the Company had 90,759,872 common shares issued and outstanding (diluted – 101,059,872) compared to 84,659,872 common shares issued and outstanding (diluted – 94,709,872) as at December 31, 2015.

During the period, the Company completed non-brokered private placements of 2,000,000 common shares at a price of $0.15 per share, and 4,100,000 common shares at a price of $0.22 per share. In addition, the Company issued 450,000 incentive stock options at a price of $0.21 per share to employees and consultants; 200,000 stock options expired unexercised. Notes 4 and 5 to the Company's March 31, 2016 condensed interim consolidated financial statements provide additional details regarding share capital, stock option, and warrant activity for the period.

Options

As at March 31, 2016 and the date of this report, a total of 7,300,000 incentive stock options were outstanding as follows:

Number of Shares	Exercise Price	Expiry Date
1,175,000	$ 0.20	January 20, 2017
300,000	$ 0.18	October 29, 2017
375,000	$ 0.10	January 4, 2019
5,000,000	$ 0.06	December 21, 2020
450,000	$ 0.21	March 1, 2021
7,300,000		

As at March 31, 2016 and the date of this report, the Company had 3,000,000 warrants outstanding as follows:

Number of Shares	Exercise Price	Expiry Date
2,400,000	$ 0.10	July 16, 2016
600,000	$ 0.10	August 6, 2016
3,000,000		

Investor Relations

The Company maintains a website, www.canasil.com, with detailed corporate information and information covering its mineral exploration projects and operations.

General Conditions Affecting the Company's Operations

General Trends

The principal business of the Company is the acquisition, exploration and, if warranted, development of natural resource properties of merit. The Company is not geographically limited to any particular region but in recent years has focused attention on mineral resource properties in Canada and Mexico.

The volatility in the resource sectors following the global financial crisis of 2008 resulted in a loss of confidence among investors and resulted in a general decline in the share prices of resource companies, and in particular for junior explorers, and presented significant constraints on funding exploration companies and programs. However during 2016 there has been a gradual recovery, particularly in the prices for gold and silver. Silver has improved to approximately $17 per ounce at the time of this report. In addition to this modest recovery in precious metal prices, there has been a marked change in market sentiment, particularly with regards to precious metals mining and exploration companies. Many mid-tier silver miners, royalty companies and exploration companies with recognized assets have seen their share prices increase by over 50% to 100% since mid-January 2016. This more positive sentiment has resulted in renewed interest in the exploration sector and in the acquisition and funding of high quality precious metals exploration projects. This has been a positive development given the Company's large 100% owned portfolio of high quality precious and base metals exploration projects.

Competitive Conditions

The outlook for acquisition and development of mineral resource projects has improved markedly since January 2016, following a prolonged period of decline since early March 2011 due to lower metal prices and slowing growth rates, particularly in Europe and Asia. The general forecast is for these conditions and market conditions for the resource sector and the mining industry to improve which is being driven by the need to replace reserves which have been depleted due to the extended downturn in the industry and cut-backs in exploration and replacement of reserves over the past five years. The mineral industry is intensely competitive and there are inherent risks in all its phases. The Company competes with other companies, many of which have greater financial resources and experience.

Environmental Protection

Environmental legislation is evolving in a manner such that standards, enforcement, fines and penalties for non-compliance are becoming stricter. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in government regulations has the potential to reduce the profitability of future operations. To the Company's knowledge, it is in compliance with all environmental laws and regulations affecting its operations.

Number of Employees

As of March 31, 2016, the Company had one employee in Canada and five employees in Mexico. Significant administrative, management, and certain geological services are provided to the Company by directors, officers, and consultants, or companies controlled by related parties. The Company, through its wholly-owned Mexican subsidiary, Minera Canasil SA de CV., maintains a full-time operating office with geological and support staff in Durango, Mexico.

Acquisition and Disposition of Mineral Properties

During the period ended March 31, 2016, the Company did not acquire or dispose of any mineral properties. Due to limited funding, the Company has allowed certain claim payments on non-core properties to fall into arrears and may allow certain claims to lapse. Should the Company's capital resources improve, such claims may or may not be re-instated depending on the circumstances.

Risk Factors relating to the Company's Business

The Company's ability to generate revenue and profit from its mineral resource properties, or any other resource property it may acquire, is dependent upon a number of factors, including, without limitation, the following:

Precious and Base Metal Price Fluctuations

The Company's ability to finance its mineral property acquisition, exploration and eventual development is dependent upon the market price of certain precious and base metals. The price of such metals has fluctuated widely and is affected by numerous economic and political factors, consumption patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and productivity, metal substitutes and stock levels. These fluctuations may result in the Company not receiving an adequate return on invested capital or the investment retaining its value.

Operating Hazards and Risks

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards, risks and liabilities normally incidental to exploration, development and production of precious and base metals. The Company presently carries limited liability insurance, and potential liabilities arising from its operations may have a material, adverse effect on the Company's financial position.

Exploration and Development

There is no known body of commercial ore on the Company's mineral properties. Development of the Company's properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few exploration properties are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any commercially viable discoveries.

Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes and the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection.

Calculation of Reserves and Mineralization and Precious and Base Metal Recovery

There is a degree of uncertainty attributable to the calculation of reserves and mineralization and corresponding grades being mined or dedicated to future production. In addition, there can be no assurance that precious or other metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Government Regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by government regulations relating to such matters as environmental protection, health, safety and labour; mining law reform; restrictions on production; price controls; tax increases; maintenance of claims; tenure; and expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations.

Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving and requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation will not adversely affect the Company's operations. Environmental hazards may exist on the Company's properties, which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Title to Assets

Although the Company has or may receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Foreign Operations

The Company operates in Mexico and has acquired mineral properties through staking and option agreements to acquire interests in mineral claims. The Company is currently engaged in exploration activities on these properties.

Management and Directors

The Company is dependent on a small number of directors and officers and operating personnel in Mexico: Alvin Jackson, Michael McInnis, Arthur Freeze, Bahman Yamini, Iain MacPhail, Kerry Spong, Graham Scott, and Erme Enriquez. The loss of any of these persons could have an adverse effect on the Company. Jerry Blackwell and Gary Nordin are members of the Company's advisory board. The Company does not maintain key person insurance on any of its management.

Conflicts of Interest

Certain officers and directors of the Company are officers and/or directors of other natural resource companies that acquire interest in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law to act honestly and in good faith with a view to the best interests of the Company and its shareholders. They are also required to disclose any personal interest in any material transaction, which is proposed to be entered into with the Company, and to abstain from voting as a director for the approval of any such transaction.

Operating History - Losses

The Company has experienced losses in all years of its operations. There can be no assurance that the Company will operate profitably in the future. As of March 31, 2016, the Company's accumulated deficit was $23,985,841.

Price Fluctuations and Share Price Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility. The market price of securities of many mineral exploration companies have experienced wide fluctuations in price, which has not necessarily been related to their operating performance, underlying asset value or prospects. During the period, and to the date of this report, the price of the Company's shares fluctuated from a low of $0.035 to a high of $0.28 per share. There can be no assurance that continued fluctuations in price will not occur.

Shares Reserved for Future Issuance - Dilution

As at the date of this report, a total of 90,759,872 common shares of the Company are issued and outstanding. There are 7,300,000 stock options and 3,000,000 share purchase warrants outstanding pursuant to which additional common shares may be issued in the future, which would result in further dilution to the Company's shareholders and pose a dilutive risk to potential shareholders.

Forward Looking Statements

Certain statements made and information contained in this MD&A and elsewhere constitute "forward-looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development results will not be consistent with the Company's expectations, accidents, equipment breakdowns, title matters and surface access, labour disputes, the potential for delays in exploration activities, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis and other risks and uncertainties, including those described under Risk Factors in each management discussion and analysis. In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of precious and base metals, that the Company will receive required permits and access to surface rights, that the Company can access financing, appropriate equipment, sufficient labour and subcontractors, and that the political environment within the Company's operating jurisdictions will continue to support the development of environmentally safe mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Approval

The Board of Directors of the Company has approved the disclosure contained in this Interim MD&A. A copy of this MD&A and previously published financial statements and MD&A, as well as other information is available on the SEDAR website at www.sedar.com, and on the Company's website at www.canasil.com .