1.0 TITLE PAGE

TECHNICAL REPORT ON THE SANDRA PROJECT

DURANGO STATE, MEXICO

LOCATION

CENTERED NEAR UTM ZONE 13
429,163E
2,834,426N

PREPARED FOR

CANASIL RESOURCES LTD.
#888-700 WEST GEORGIA STREET
VANCOUVER, B.C. V7Y 1GS

PREPARED BY

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January 22, 2007

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3.0 SUMMARY

3.1 Property Description

Canasil Resources Inc. ("Canasil') through it subsidiary Minera Canasil, S.A. de C.V. owns the Sandra Project which covers about 1,615 hectares in the municipalities of Tepehuanes and Guanacevi, Durango State, Mexico. The Sandra Project covers a number of significant intermediate sulphidation epithermal silver-gold-base metal bearing vein systems. Exploration work conducted by Canasil has shown that the Maria Fernanda, Barite, and Encino veins presently represent priority drill targets. A 1,000 meter drill program is planned.

The writer was retained by Canasil to examine the setting of the Sandra Project to qualify to prepare an independent technical report in the form required by NI 43-101. A field examination was conducted on July 30, 2006 during which the Maria Fernanda, Barite and Encino veins were examined.

3.2 Property Location, Infrastructure and Access

The Sandra Project is located 135 km NNW of Durango City, straddles the boundary between the municipalities of Tepehuanes and Guanacevi about 45 km SSW of Endeavour Silver Corporation's operating mine in the Guanacevi mining district. The project area can be reached from Durango City via Federal highways 45 and 26 to Santiago Papasquiaro (172 km) then continue on highway 26 for 52 km to Tepehuanes and another 25 km to Cienega Escabar. The Santa Maria del Oro road provides the final 6 Km to the NE to the project area were local ranch roads and logging trails access the immediate project area. The Durango-Tepehuanes Railroad follows the highway as far as Tepehuanes and provides an option for shipping to the project.

3.3 Property Ownership & Terms of Agreement

The Sandra property, consisting of 6 claims or mining concessions covers about 1,615 ha in the Durango Mining District, Tepehuanes and Guanacevi Municipalities, State of Durango, Mexico, was staked for Minera Canasil in 2005 and is 100% owned by the company.

3.4 Property Geology and Mineralization

At the Sandra Project a thick sequence of Upper Volcanic Group (UVG), mainly andesites, dacites and rhyolitic ash flows is intruded by a series of acid dikes and stocks of porphyritic andesite.

Two Cenozoic regional compressional and extensional events affected the Sandra Project area and most of the Sierra Madre Occidental volcanic province. Cenozoic tectonics provided ground preparation for NW-SE trending veins with NE and SW dips. Veins can be traced along strike from a few meters to 700 meters and vary in width from 0.30 meters up to 1.20 meters.

Vein mineralization consists mainly of silver sulfides, galena, sphalerite and chalcopyrite. Gangue minerals include pyrite, hematite, specularite, barite and grey and white varieties of quartz. The Maria Fernanda, Barite, and Encino veins have been designated as priority drill targets on the basis of previous mapping and geochemical

sampling. The Writer's check samples from the Maria Fernanda and Encino veins are summarized in Table 3.1. Recent trenches over the Barite vein structure have slumped with outcrop covered by mud and water. Chip samples 97872 and 9873 from a location on the Maria Fernanda vein system contained 7.05 g/t Au and 8.86 g/t Au and average 152.2 g/t Ag. Sample results suggest potential for high-grade mineralization and possibly direct shipping ore. Samples 97875 and 97876 from the Encino sheared vein zone averaged 139.5 g/t Ag and wallrock sample 97877 contained 18 g/t Ag over seven meters. Samples from the Encino system suggest potential for a wider zone of low-grade silver mineralization.

The writer's samples validate the presence of significant silver and gold mineralization in the Sandra Project area and verify previous Canasil sample results.

TABLE 3.1. Writer's Check Samples for Sandra Project, Durango State, Mexico (060830).

SAMPLE #	LOCATION UTM E/N	TYPE	WIDTH	AU g/t	AG g/t	COMMENTS
97872		Chip	1.0m	7.05	130	3M NE 873
97873	0428854E 2834329N	Chip	0.5m	8.86	175	▲20 MARIA FERNANDA @1108
97874	0428828E 2834323N	Chip	1.1m	0.01	93	▲21 MARIA F.; RUSTY RED IN POR AND
97875	0427613E 2833579N	Chip	0.9m	0.08	138	▲25 EL ENCINO; QV SHEARED N65E65SE
97876	0427614E 2833781N	Chip	4.0m	0.18	141	▲26; SHEARED QV IN AND; BELOW OLD WORKINGS
97877	0427638E 2833834N	Chip	7.0M	0.03	18	▲28 HEM SHEARED VEINED AND @ CREEK

3.5 Deposit Type & Exploration Concept

The Sandra Project area hosts a number of vein type base and precious metal deposits in Tertiary UVG andesites and rhyolites. The veins are considered to be low/intermediate sulphidation with mineralization extending into footwall and hanging wall rocks as fracture coatings and veinlets. Similar deposit type include Guanacevi Mining District about 45 km NNW of Sandra where a subsidiary of Endeavour Silver Corp. is mining high grade silver mineralization grading about 486 g/t Ag with byproduct gold grading about 1.2 g/t Au. At the Pitarrilla project located 40 km NNE of Sandra, Silver Standard has estimated resources of 39.2 million tones grading 120 g/t Ag.

3.6 Status of Exploration Development and Operations

Exploration by Canasil has consisted of prospecting, geological mapping, and rock sampling and trenching to locate sites for proposed drill holes. After staking the Sandra

project area in 2005, Minera Canasil started geological mapping, and rock sampling of veins and alteration zones. Prior to trenching, a total 172 rock and silt geochemical samples were collected to selected priority trench sites. The Maria Fernanda, Sandra, Barite, and Encino vein systems were tested with 50 backhoe trenches totaling about 1150m. About 40 additional rock samples were collected to evaluate vein material and alteration exposed by trenches.

3.7 Conclusions and Recommendations

Previous exploration and the initial trenching and sampling programs by Canasil have defined several mineralized veins on the Sandra. Based on continuity, grade and access the Maria Fernanda, Barite and Encino veins have been selected for an initial 1,000 meter diamond drill test. The initial drill program and associated supervision, site preparation and reporting is estimated to cost US$164,000.

Contingent on the success of the Phase 1 drilling, a 1,600 meter Phase 2 diamond drill program will be warranted with the success contingent Phase 2 estimated to cost US$260,000.

3.8 Opinion of Merit

In the writer's opinion, the character of the property is of sufficient merit to justify the recommended Phase 1 program, and the program represents a worthwhile investment by Canasil. The writer believes that the Phase 1 program has high probability of success and that the success contingent Phase 2 program will be warranted.

4.0 INTRODUCTION AND TERMS OF REFERENCE

4.1 Terms of Reference and Purpose

This Technical Report, requested by Canasil Resources Inc. (Canasil), is to propose exploration to further define mineralization on the Sandra Silver Property (Sandra) in Durango State, Mexico. The report has been prepared in compliance with the requirements of National Instrument 43-101 and Form 43-101F1, and is for supporting documentation to be filed with the relevant securities commissions and the TSX Venture Exchange.

4.2 Source of Information and Data

The majority of the information for this report comes from reports and documents listed under the References and Sources of Information section of this report. Data was collected mainly by employees of Canasil with some data collected by Consejo de Recursos Minerales (CRM) personnel. The writer believes that Canasil used competent personnel for fieldwork and sampling and certified laboratories for analytical work. Historic analytical results were obtained from Mexican laboratories and reporting of analytical procedures is generally not to NI 43-101 standards.

The writer personally examined the geological setting of the Sandra Project area on July 30th, 2006 and reviewed the geological setting with Canasil exploration manager Erme Enriquez. The writer has made several other property examinations in the states of Sinaloa, Durango and Zacatecas and participated in tours of the Tayoltita Mine and Basis Mine that

provided the writer insights into geological and structural controls of mineralization in the region. The writer collected independent check samples to verify mineralization on the Sandra property.

4.3 Field Involvement of the Qualified Person (Author)

The author of this report spent July 30th, 2006 traveling from city of Durango to the Sandra Property and a 4 hour property examination with geologist Erme Enriquez. The writer has examined a number of properties in Durango, Sinaloa and Zacatecas states, Mexico for a number of TSX and TSX venture companies.

5.0 DISCLAIMER

The writer is required by NI 43-101 to include description of the property title and terms of legal agreements that are presented in the following sections. The writer reviewed property agreements and title documents provided by Canasil in order to provide summaries of title and ownership. Property agreements and title documents are legal matters and should be reviewed by Canasil's legal counsel. In Mexico, claim locations are established by a registered Mexican mineral claim surveyor and his plan should be equivalent to a legal survey of the claim area. However, knowing the exact location of a concession does not guarantee clear title.

6.0 PROPERTY DESCRIPTION AND LOCATION (Figures 6.1 & 6.2)

6.1 Property Area (Figures 6.1, 6.2 & 6.3; Table 6.1)

The Sandra Property, consisting of 28 mining and 2 exploration concessions covering about 1,000 hectares (Table 6.1; Figure 6.3) is situated in the Durango Mining District and centered near the coordinates 22°47'00"N latitude and 102°34'00"W longitude in 1:250,000 map sheet Zacatecas F13-6 (Figures 6.1 and 6.2: Table 6.1). 6.2 Property Location (Fig. 6.1, 6.2, & 6.3)

6.2 Property Location (Figures 6.1, 6.2 & 6.3)

The Sandra Property is situated in the Durango Mining District and centered near the coordinates 22°47'00"N latitude and 102°34'00"W longitude in 1:250,000 map sheet Zacatecas F13-6 (Figures 6.1 and 6.2). The Sandra Property is in the Sierra Madre Occidental Physiographic Province between the Mesa Central Physiographic Province to the east and the Coastal Plain to the west.

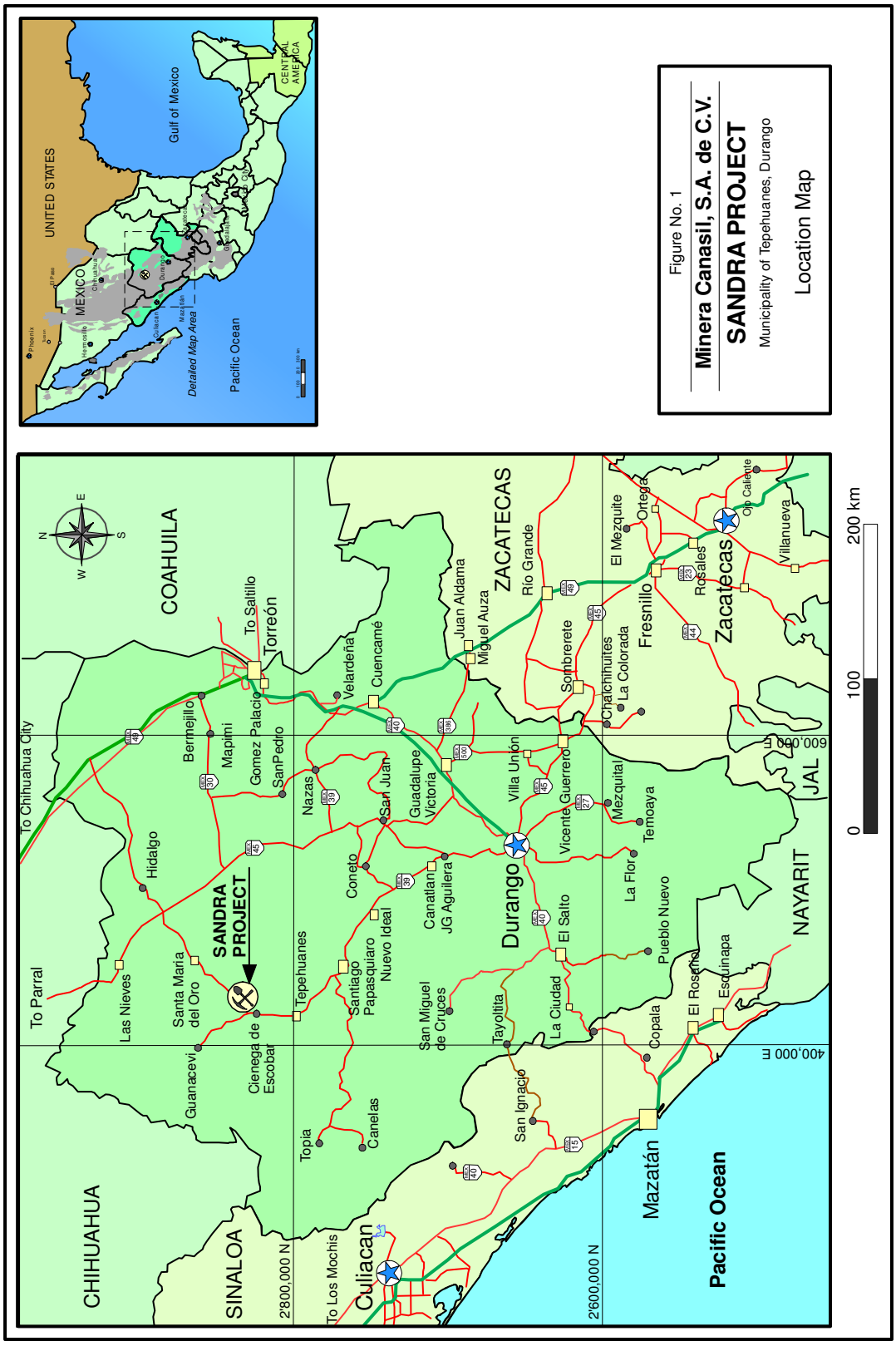


Figure 6.1 General Location Plan Sandra Project, Durango State, Mexico

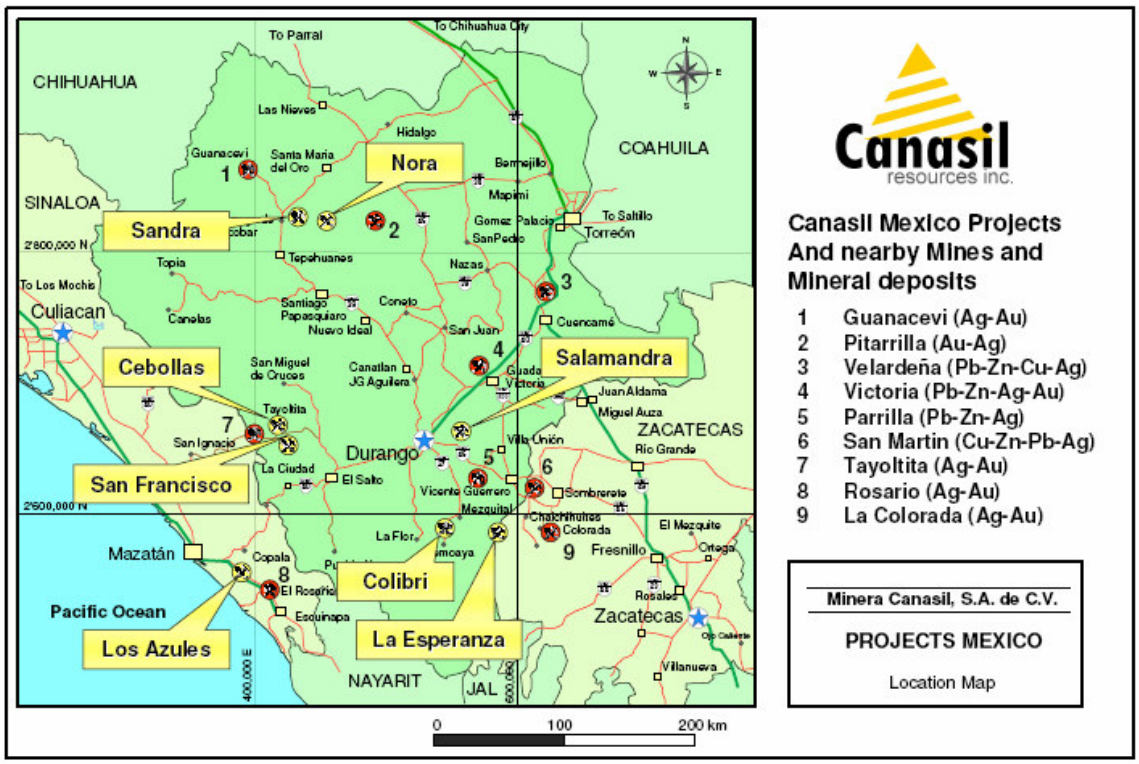


Figure 6.2 General Locations of Sandra and Other Canasil Projects, Mexico.

6.3 Description of Claims (Fig. 6.3 & Table 6.1)

The Sandra property, consisting of 6 claims or mining concessions covers about 1,615 ha in the Durango Mining District, Tepehuanes and Guanacevi Municipalities, State of Durango, Mexico. Claim locations are shown on Figure 6.3 with claim data summarized in Table 6.1.

6.4 Claim Title

The writer has examined documents that suggest 100% ownership of the Sandra property by Canasil, but ownership is a legal matter and a title opinion should be obtained.

6.5 Legal Survey

Mexican mining law requires a mineral claim be established by a registered Mexican Mineral Claim Surveyor. Canasil compiled a plan of the Sandra property concessions (Figure 6.3) from the registered surveyor's plots. Monuments were observed in the field establish claim locations but no attempt was made to evaluate the legal title to claims shown on Figure 6.3.

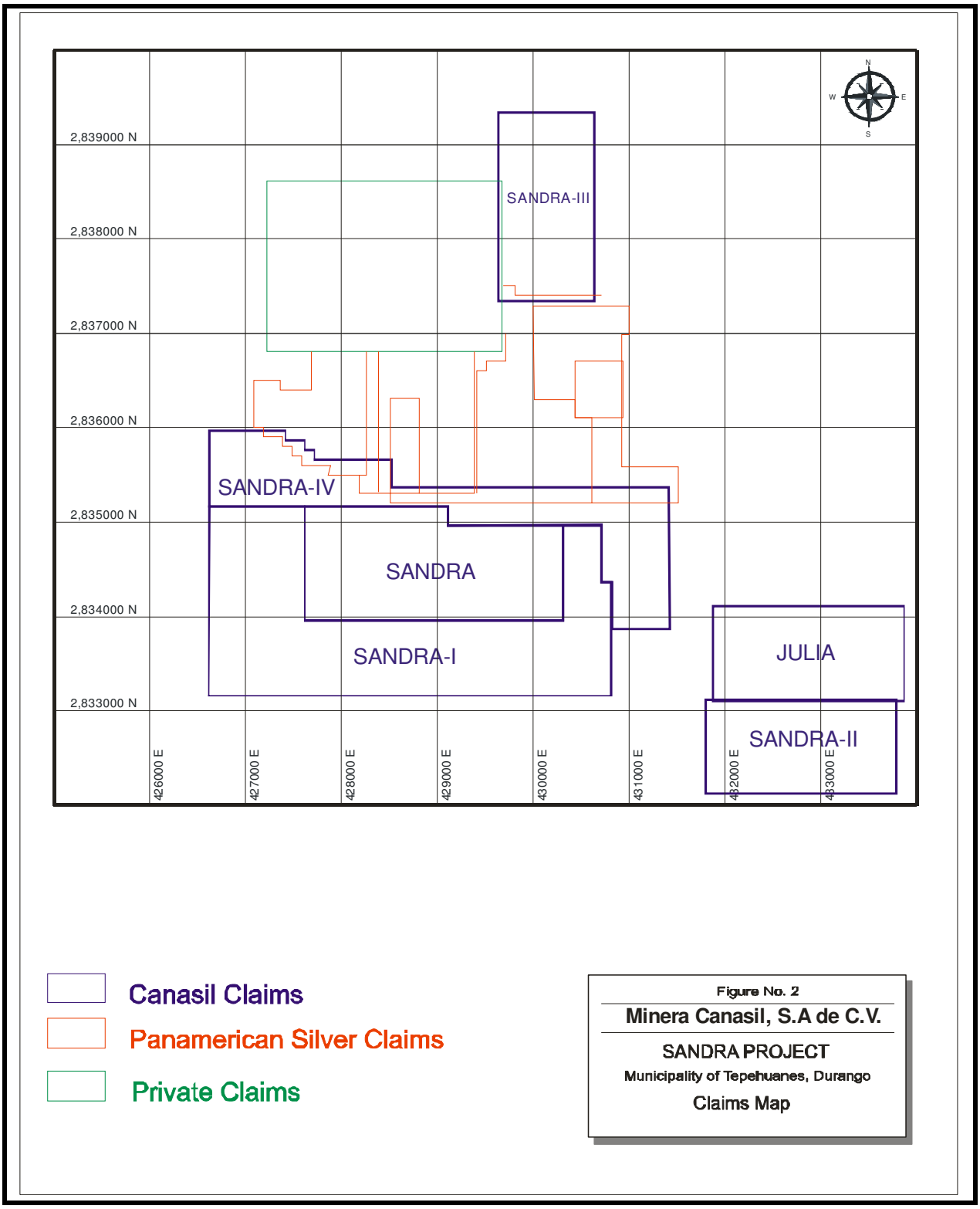


Figure 6.3 Claim Plan, Sandra Project Area, Durango State, Mexico.

6.6 Environmental Liabilities

The writer is not aware of any environmental liabilities related to the Sandra project area. The veins are characteristically low sulphidation and acid mine waters should not be a serous problem.

6.7 Working on the Property

A number of small shafts pits and tunnels have been constructed along the main vein system. Veins are shown on the geological plan (Figure 9.1) but workings are not extensive enough to warrant a separate plan.

7.0 ACCESSIBILITY, LOCAL RESOURCES, CLIMATE, AND PHYSIOGRAPHY

7.1 Access to the Property and Proximity to Population Center(s)

The project area can be reached from Durango City via Federal highways 45 and 26 to Santiago Papasquiaro (172 km) then continue on highway 26 for 52 km to Tepehuanes and another 25 km to Cienega Escabar. The Santa Maria del Oro road provides the final 6 Km to the NE to the project area were local ranch roads and logging trails access the immediate project area. The Durango-Tepehuanes Railroad follows the highway as far as Tepehuanes and provides an option for shipping to the project.

7.2 Topography, Elevation and Vegetation

The Sandra project is located in the Eastern Sierra Madre Occidental Physiographic sub-province between the Mesa Central Province (Central Plateau Province) and the Coastal Plain. The Sandra area is mountainous with elevations averaging about 2,260m, and property relief of 200m.

Sandra is located in an area with scrub pine and oak trees and various bushes, shrubs and cactus in canyon areas. Natural grass meadows are used to graze cattle and other livestock. Sub-tropical regions occur to the southwest and desert conditions to the northeast. Climate in the region is semi-arid with a rainy season from July through November.

Wild fauna is not abundant but wild turkeys and several other varieties of birds, rabbits, coyote, lizards, white tail deer, and rattlesnakes are seen.

7.3 Relevant Climate and Length of Operating Season

The climate in the region is characterized by moderate temperatures during the summer months with cooler temperatures in the winter months producing some freezing and snow from December through February. The area is semi-arid with maximum temperatures of about 30ºC during the summer season. The rainy season extends from July through November with occasional rain during December and January. The average annual precipitation is about 200 mm but during wet years rainfall reaches 800 mm.

7.4 Availability of Surface Rights, Power, Water and Mining Personnel

Surface rights are owned by local ranchers and farmers and their permission is needed to conduct physical work. Roads should be planned to assist locals with access and gated and/or cattle guarded as necessary.

Drilling companies and mining contractors are available in Durango, Zacatecas and Fresnillo and other areas of Mexico. The Sandra area is used for grazing cattle but many of the ranchers and hands would quickly switch to better paying jobs at a local mine.

Mining personnel have been trained to work at local mines near Guanacevi, Santa Maria del Oro, Tepehuanes and Santiago Papasquiaro.

A 133kva CFE power line passes over the project area. Sufficient water for exploration purposes can be obtained from small creeks that drain local mountains.

7.5 Potential Areas for Tailings Disposal, Heap Leach Pads and Plant Sites

A number of meadows provide flat or basin areas for tailings disposal and plant sites. Land is relatively inexpensive and sufficient areas could be purchased for all mining needs.

8.0 HISTORY

8.1 Prior Ownership and Ownership Changes

Mining activity in the Sandra area was mainly done immediately to the north of the project area. The initial operations and production was from the La Candelaria vein, 6 km north of the Sandra location monument. In 1998 Mr. Carlos Quinones from Torreon, Coahulila, extracted 25,000 tonnes of high grade direct shipping ore from the San Francisco Mine about 300 meters southeast of La Candelaria. A select dump sample from this vein is reported to run 10,000 g/t Ag, 18% Pb, 0.50% Zn and 1.0% Cu (Enriquez and Otero, 2006). A number of old workings, including small trenches, pits, and drifts, and claim location monuments indicate historic activity in the Sandra Project area, but no records of the exploration exists.

In 2001, Pan American Silver Corp. (PAS) through its Mexican subsidiary Plata Panamerican, S.A. de C.V. , staked 400 hectares covering the clay altered and iron stained Cerro Colorado adjacent to the Sandra. Geologic work and sampling done by PAS in 2002 located 3 veins. Several RC holes were rumored to have been drilled by a mining company on the Cerro Colorado but no records or results are known to exist.

In 2005 the Sandra project area was staked by Canasil and geological mapping, prospecting, trenching and geochemical sampling conducted.

9.0 GEOLOGICAL SETTING

9.1 Regional Geological Setting (Fig. 9.1)

The geology of Durango State, Mexico is shown in simplified plan form as Figure 9.1. It is dominated by extensive volcanic fields that form one of the world's largest deposits of rhyolitic ignimbrite and tuff. The volcanic field has been divided into an early, Lower Volcanic Group (LVG) consisting mainly of intermediate composition volcanic and volcaniclastic rocks and a later (Oligocene), Upper Volcanic Group (UVG) consisting of acid volcanic rocks.

9.2 Property and Local Geology (Fig. 9.2; 9.3)

The property geology of the Sandra project area has been mapped by Enriquez and Otero (2006) as shown in Figure 9.2. The geological setting and stratigraphy (Figure 9.3) has been established by the CRM for the extensive volcanic fields that dominate most of Durango State. The geology of the Sandra property does not appear to be complex with the Tertiary sequence consisting of Upper Volcanic Group (UVG), mainly andesites, dacites, and rhyolitic ash flows. The sequence can generally be divided into 1) a lower unit composed mostly of acid to intermediate lavas of mainly rhyolitic and rhyodacitic compositions and 2) an upper unit composed mostly of rhyolitic ash-flow tuffs. Enriquez and Otero (2006) mapped six Tertiary units (Figure 9.3) and covering Quaterniary alluvium. The main map units are: lower dacite (Tpd), intermediate andesite (Tan), lower rhyolite (Trt), Rhyodacite (Tud), upper rhyolite (Tur), and Porphyritic Andesite (Tpa). The map units are shown on the local geological plan (Figure 9.2) and generalized stratigraphic column taken from Enriquez and Otero (2006). Descriptions of the units follow:

Lower Dacite (Tpd)

The Lower Dacite (Tpd) unit is the oldest member of the UVG in the Sandra Project area. It consists of about 150m of fresh grey to light grey, massive, medium welded, lithic porphyritic dacite ash flows. Plagioclase feldspar, quartz and hornblende are the dominant phenocrysts. Dark fragments of possible andesite are seen in outcroppings. Alteration is mainly chlorite, pyrite and weak silicification and mineralized quartz veins have not been been observed. The unit outcrops in creeks draining the SE part of the Sandra project area and

Lower Rhyolite (Trt)

The Lower Rhyolite (Trt) interfingers with the Tpd as medium to coarse grained flow-banded rhyolite. The rock is generally creamy-pinkish with some buff colors. Plagioclase, k-feldspar, quartz and biotite are characteristic minerals. The unit is over 300m thick and contains some mineralized quartz veins.

Rhyodacite (Tud)

The Rhyodacite (Tud) unit consists of more than 150m of flows the overlie Trt unit. The rock is light grey to grey and contains phenocrysts of plagioclase, k-feldspar, quartz and amphibole (hornblende?) as laths up to 1mm. It hosts veins on the Julia claim and on claims immediately north of the Sandra project area..

Intermediate Andesite (Tan)

The Intermediate Andesite (Tan) marks the top of the lower lavas and consists mainly of thin bedded, poorly welded, grey to purplish ash falls and agglomerates of andesitic composition. The unit, although locally absent, occurs throughout the project area and is best exposed in the central part of the Sandra claims. The unit, varying from 40 to 60m thick, is tilted to the NW with a general orientation of N80˚E dipping about 32˚NW. The unit covers the western projection of the Maria Fernanda vein.

Upper Rhyolite (Tur)

The Upper Rhyolite (Tur) unit covers the tops of higher hills. The unit reaches 500m in thickness with the volcanic pile consisting of poorly welded rhyolitic tuff containing fine crystals of k-feldspar, plagioclase and quartz but no mineralized quartz veins.

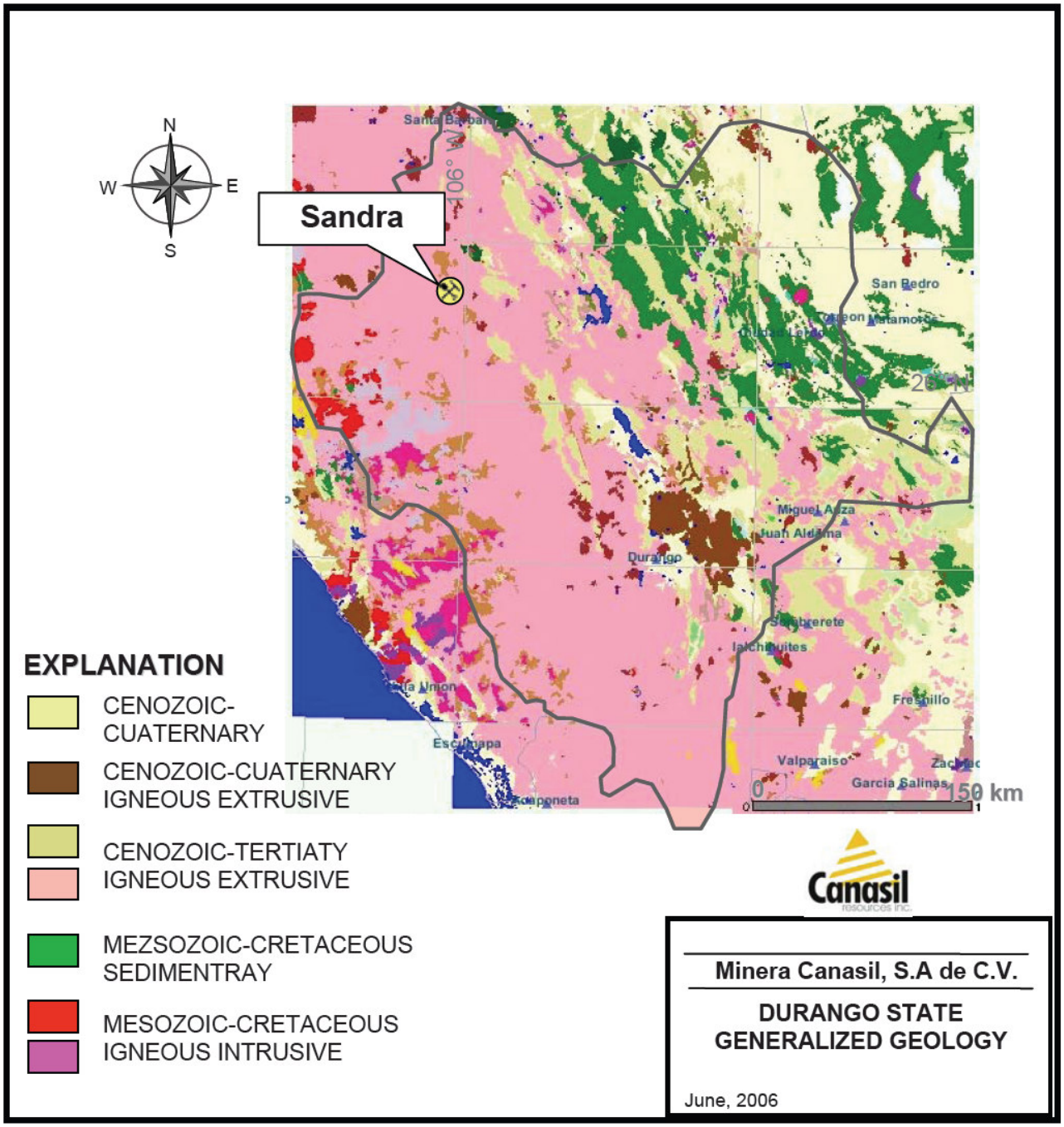


Figure 9.1 Generalized Geology, Durango State, Mexico After CRM (1993)

Porphyritic Andesite (Tpa)

Massive porphyritic andesite (Tpa) intrudes Tpd and Trt and forms halos of argillic alteration. The best mineralization and highest values occur where veins cut this unit. The rock is grey to greenish with phenocrysts of plagioclase, k-feldspar and amphiboles.

9.3 Structural Geology

The main structural features of the Sandra Project area are of Cenozoic age and are related to two regional compressional and extensional events that affected most of the Sierra Madre Occidental volcanic province. .The structural events resulted in NW-SE trending hort block of a local basin and range province. The main vein structures are NW-SE and NE-SW with veins dipping both northerly and southerly.

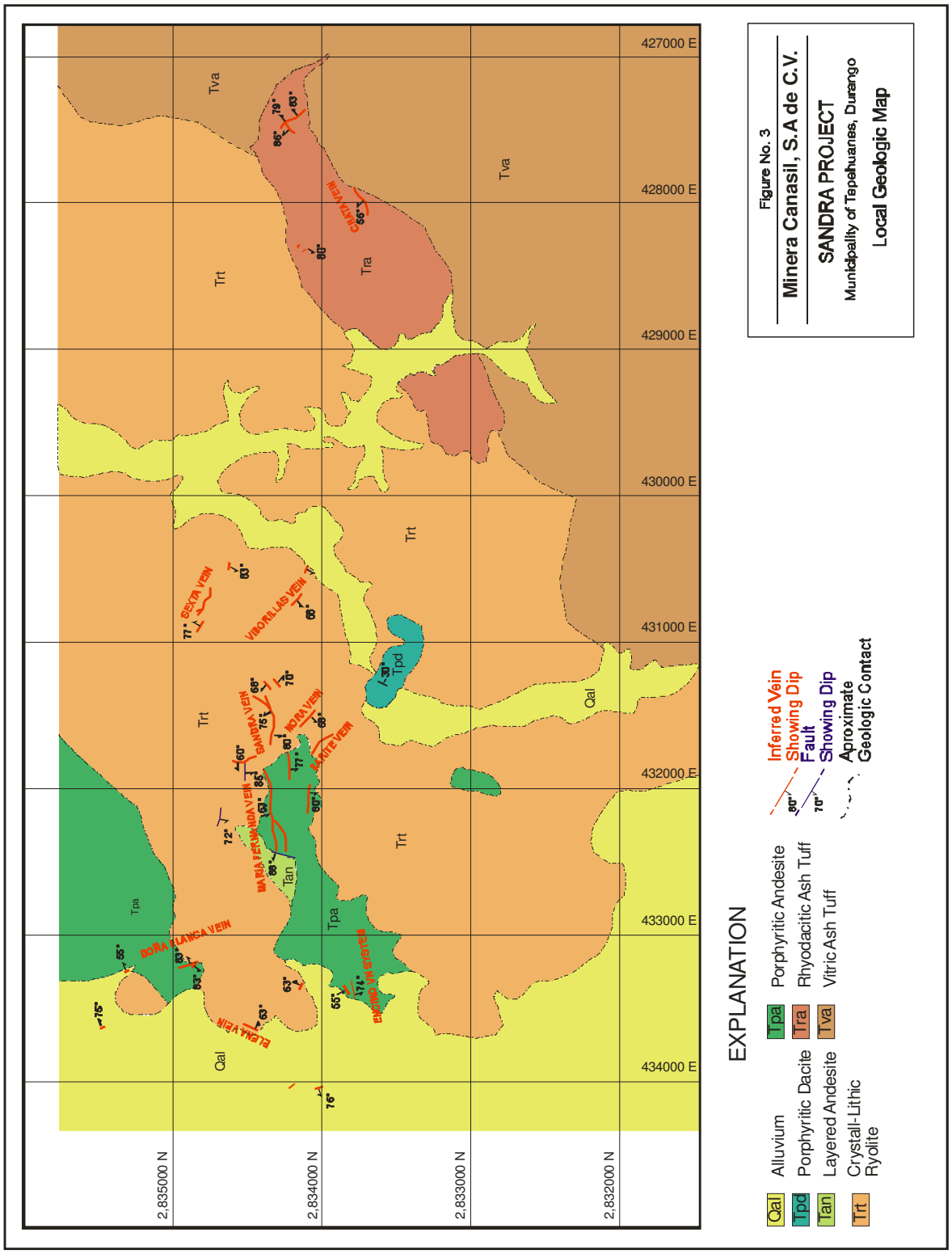


Figure 9.2 General Geology, Sandra Project Area (Enriquez & Otero, 2006).

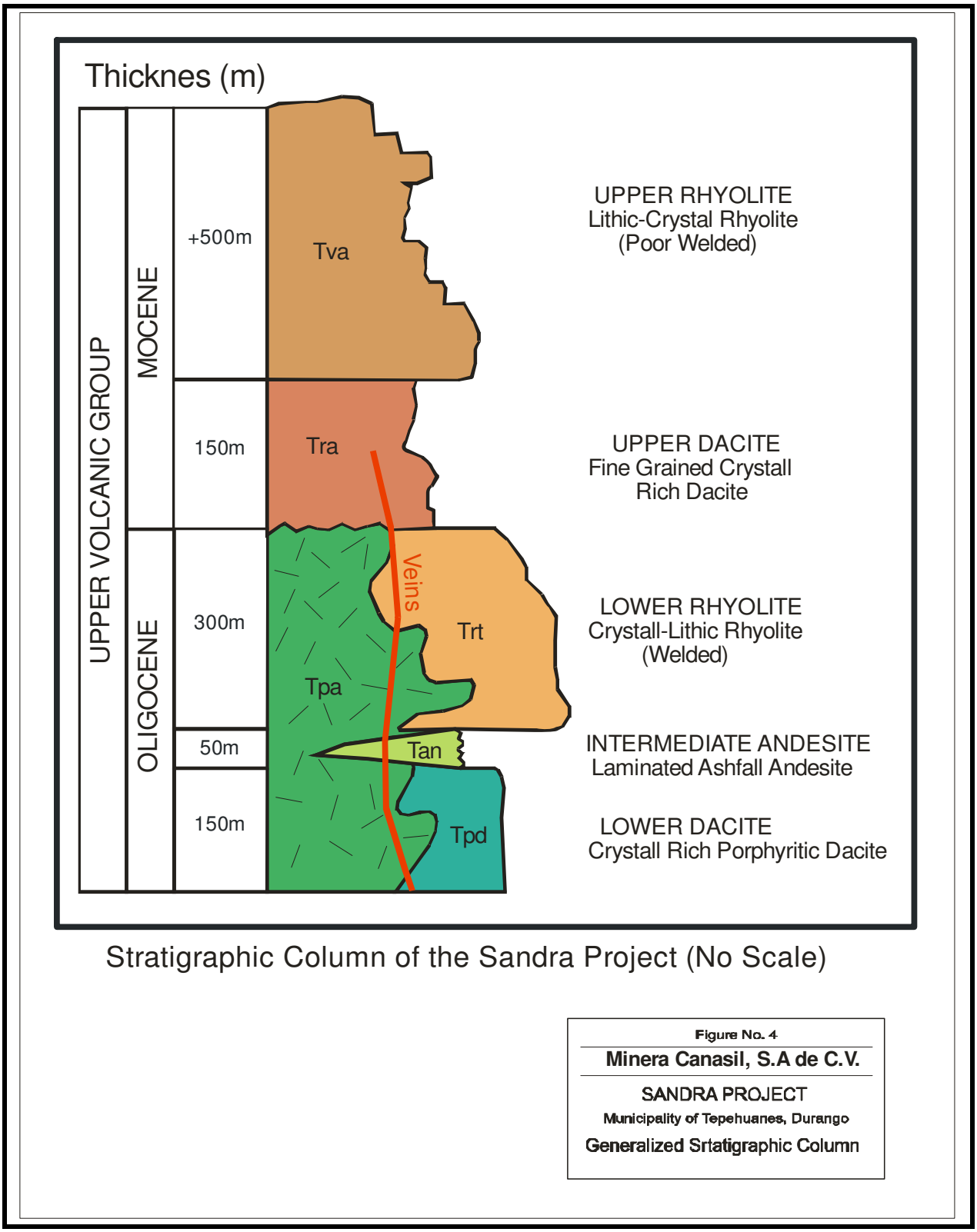


Figure 9.3. Stratigraphic Column Sandra Area (Enriquez & Otero, 2006).

10.0 DEPOSIT TYPES

10.1 Mineral Deposit Type/Model for the Property

Vein type mineral deposits in volcanic rocks of the Sierra Madre Occidental are of the low to moderate sulphidation epithermal type. Mineralization generally occurs in zoned patterns and within a productive interval. Mineralized epithermal precious metal veins in the Sierra Madre generally contain better grade mineralization over 30% to 40% of their strike length with "ore shoots" occurring at vein junctions, vein flexures and structural dilation zones. Careful mapping and sampling should define priority drill targets for locating better mineralized shoots.

The Sandra Project area hosts a number of vein type base and precious metal deposits in Tertiary UVG andesites and rhyolites. The veins are considered to be intermediate sulphidation with mineralization extending into footwall and hanging wall rocks as fracture coatings and veinlets. Similar deposit type include Guanacevi Mining District about 45 km NNW of Sandra where a subsidiary of Endeavour Silver Corp. is mining high grade silver mineralization grading about 486 g/t Ag with byproduct gold grading about 1.2 g/t Au. At the Pitarrilla project located 40 km NNE of Sandra, Silver Standard has estimated resources of 39.2 million tones grading 120 g/t Ag.

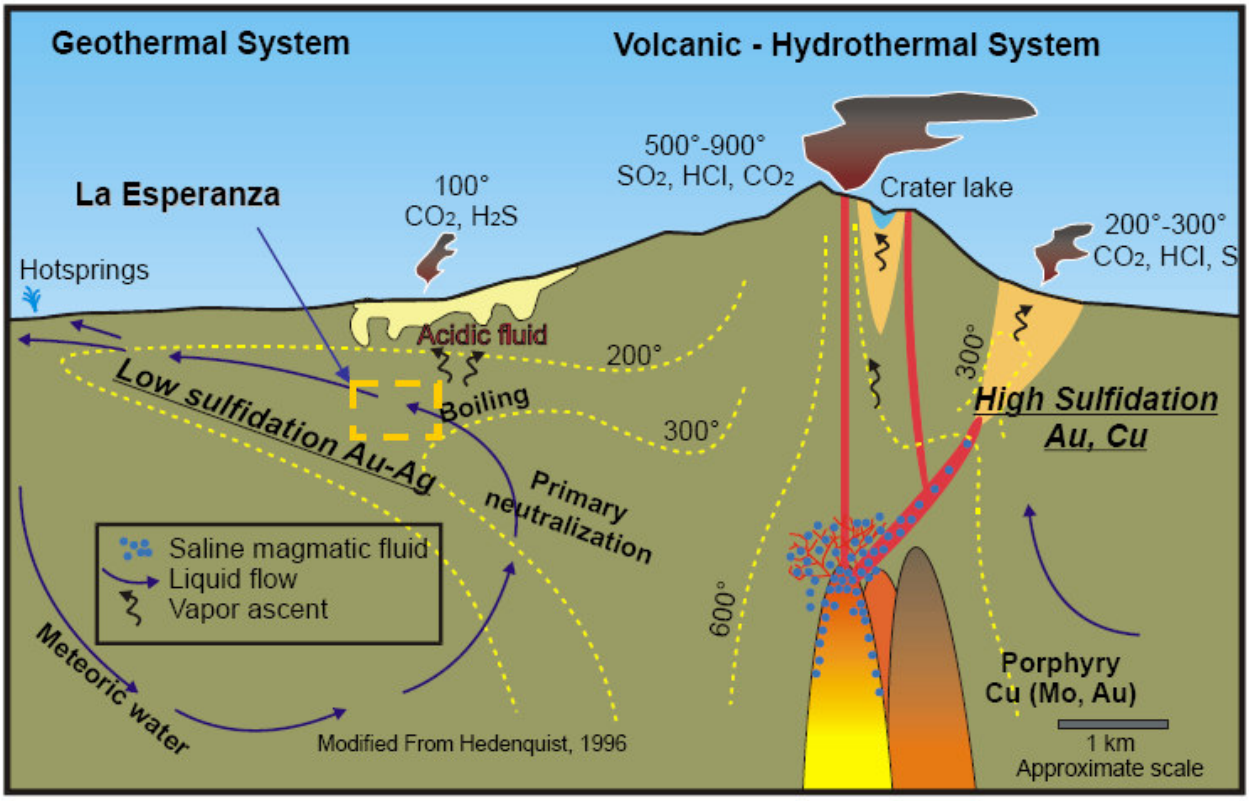


Figure 10.1 Schematic cross section showing model for low-intermediate sulfidation epithermal mineral deposits in Sierra Madre (from Enriquez, 2006).

10.2 Geological Concepts Used For Exploration of the Property

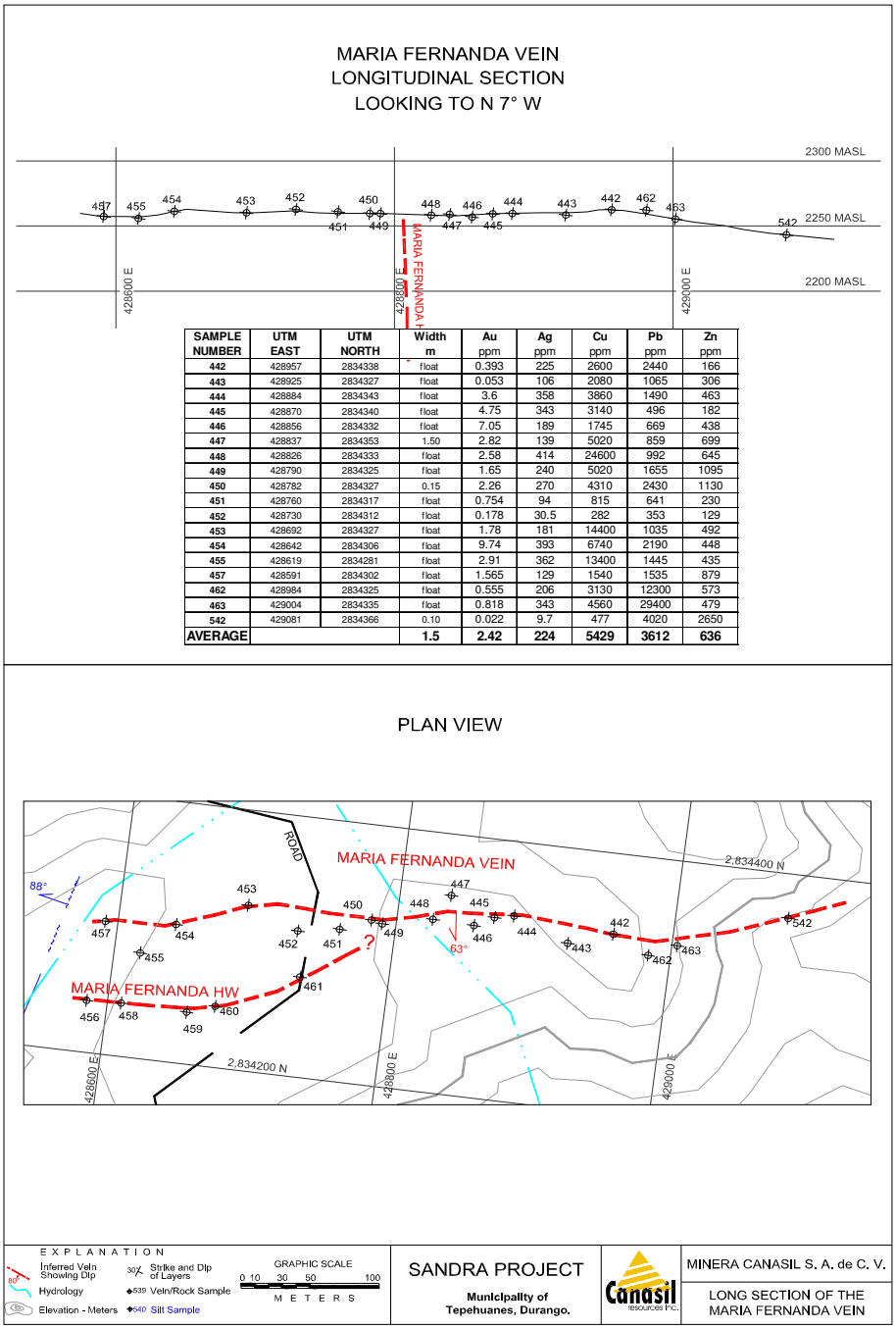
The concept for exploration of precious metal veins in the Sierra Madre is similar for most districts with mineralization generally in a temperature sensitive zone that has 300 to 400 meters of vertical extent and larger lateral extend. The mineralization occurs in ore shoots that generally accounts for 30% to 40% of the vein area within the productive envelope. Location of the productive "ore shoots" requires understanding of the geology, geochemistry and temperature of formation of the veins.

11.0 MINERALIZATION (Figures 11.1; 11.2; 11.3; 11.4)

11.1 Mineralized Zones Encountered on the Property

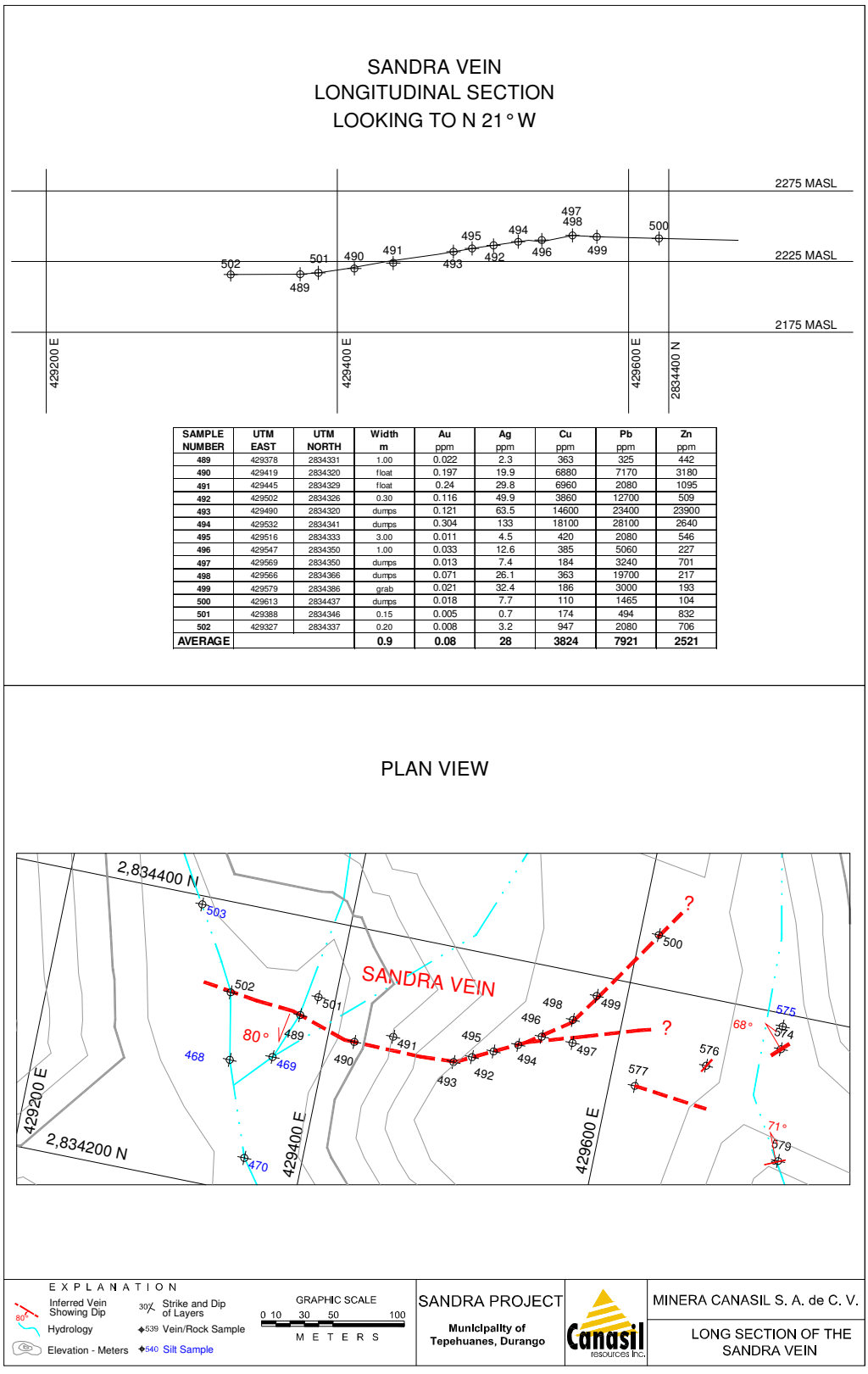
Mineralized quartz veins in the Sandra Project area show a preference for ENE-WSW and NW-SE trends. The ENE-WSW veins are the best mineralized systems and have both northerly and southerly dips. The Barite and Nora veins are the best examples of NW-SE veins which have both NE and SW dips. Over 10 named veins have been located within the Sandra Project area but only the Maria Fernanda, Barite, Sandra and Encino, the best mineralized systems, were examined by the writer.

Vein mineralization consists mainly of silver sulfides, galena, sphalerite and chalcopyrite. Gangue minerals include pyrite, hematite, specularite, barite and grey and white varieties of quartz. The Maria Fernanda, Barite, and Encino veins have been designated as priority drill targets on the basis of previous mapping and geochemical sampling. Writer's check samples from the Maria Fernanda and Encino veins are summarized in Table 15.1. Recent trenches over the Barite vein structure have slumped with outcrop covered by mud and water. Chip samples 97872 and 9873 from a location on the Maria Fernanda vein system contained 7.05 g/t Au and 8.86 g/t Au and average 152.2 g/t Ag. Sample results suggest potential for high-grade mineralization and possibly direct shipping ore. Samples 97875 and 97876 from the Encino sheared vein zone averaged 139.5 g/t Ag and wallrock sample 97877 contained 18 g/t Ag over seven meters. Samples from the Encino system suggest potential for a wider zone of low-grade silver mineralization.



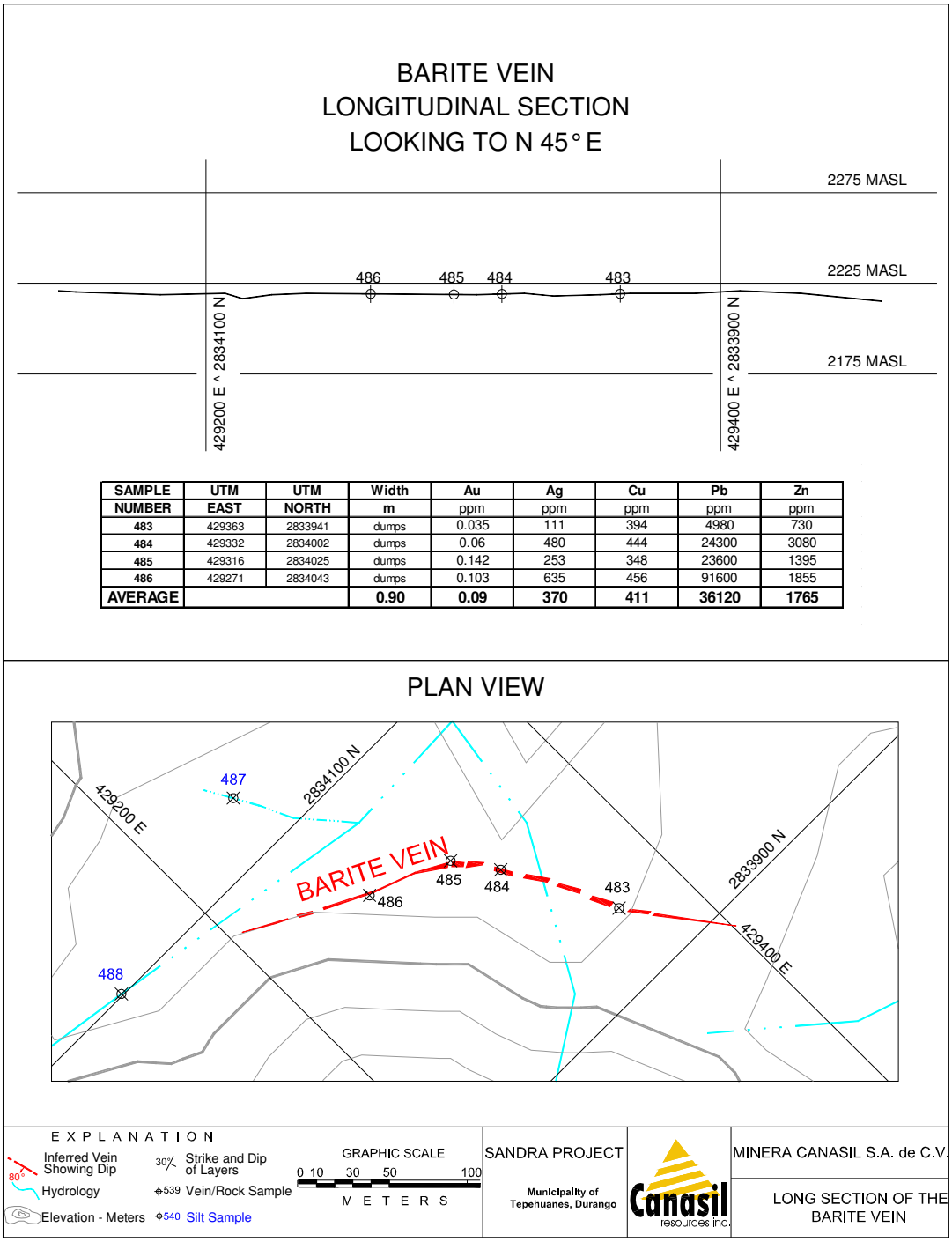
SAMPLE NUMBER	UTM EAST	UTM NORTH	Width m	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm
442	428957	2834338	float	0.393	225	2600	2440	166
443	428925	2834327	float	0.053	106	2080	1065	306
444	428884	2834343	float	3.6	358	3860	1490	463
445	428870	2834340	float	4.75	343	3140	496	182
446	428856	2834332	float	7.05	189	1745	669	438
447	428837	2834353	1.50	2.82	139	5020	859	699
448	428826	2834333	float	2.58	414	24600	992	645
449	428790	2834325	float	1.65	240	5020	1655	1095
450	428782	2834327	0.15	2.26	270	4310	2430	1130
451	428760	2834317	float	0.754	94	815	641	230
452	428730	2834312	float	0.178	30.5	282	353	129
453	428692	2834327	float	1.78	181	14400	1035	492
454	428642	2834306	float	9.74	393	6740	2190	448
455	428619	2834281	float	2.91	362	13400	1445	435
457	428591	2834302	float	1.565	129	1540	1535	879
462	428984	2834325	float	0.555	206	3130	12300	573
463	429004	2834335	float	0.818	343	4560	29400	479
542	429081	2834366	0.10	0.022	9.7	477	4020	2650
AVERAGE			**1.5**	**2.42**	**224**	**5429**	**3612**	**636**

Figure 11.1 Plan & Section of Maria Fernanda Vein (from Enriquez & Otero, 2006).



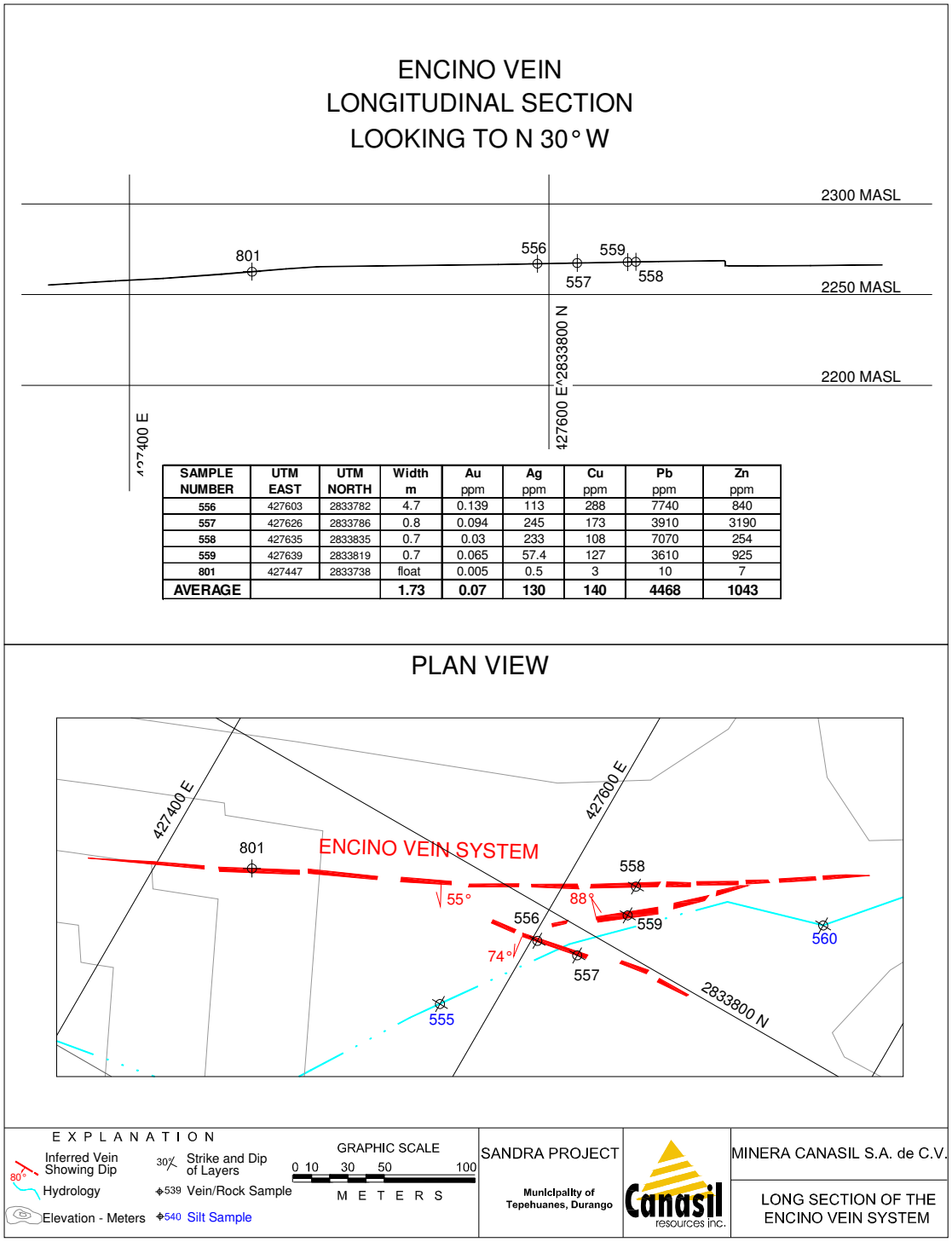
SAMPLE NUMBER	UTM EAST	UTM NORTH	Width m	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm
489	429378	2834331	1.00	0.022	2.3	363	325	442
490	429419	2834320	float	0.197	19.9	6880	7170	3180
491	429445	2834329	float	0.24	29.8	6960	2080	1095
492	429502	2834326	0.30	0.116	49.9	3860	12700	509
493	429490	2834320	dumps	0.121	63.5	14600	23400	23900
494	429532	2834341	dumps	0.304	133	18100	28100	2640
495	429516	2834333	3.00	0.011	4.5	420	2080	546
496	429547	2834350	1.00	0.033	12.6	385	5060	227
497	429569	2834350	dumps	0.013	7.4	184	3240	701
498	429566	2834366	dumps	0.071	26.1	363	19700	217
499	429579	2834386	grab	0.021	32.4	186	3000	193
500	429613	2834437	dumps	0.018	7.7	110	1465	104
501	429388	2834346	0.15	0.005	0.7	174	494	832
502	429327	2834337	0.20	0.008	3.2	947	2080	706
AVERAGE			0.9	0.08	28	3824	7921	2521

Figure 12.2 Plan & Section of Sandra Vein (from Enriquez & Otero, 2006).



SAMPLE NUMBER	UTM EAST	UTM NORTH	Width m	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm
483	429363	2833941	dumps	0.035	111	394	4980	730
484	429332	2834002	dumps	0.06	480	444	24300	3080
485	429316	2834025	dumps	0.142	253	348	23600	1395
486	429271	2834043	dumps	0.103	635	456	91600	1855
AVERAGE			**0.90**	**0.09**	**370**	**411**	**36120**	**1765**

Figure 11.3 Plan & Section of Barite Vein (from Enriquez & Otero, 2006).



SAMPLE NUMBER	UTM EAST	UTM NORTH	Width m	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm
556	427603	2833782	4.7	0.139	113	288	7740	840
557	427626	2833786	0.8	0.094	245	173	3910	3190
558	427635	2833835	0.7	0.03	233	108	7070	254
559	427639	2833819	0.7	0.065	57.4	127	3610	925
801	427447	2833738	float	0.005	0.5	3	10	7
AVERAGE			**1.73**	**0.07**	**130**	**140**	**4468**	**1043**

Figure 11.4 Plan & Section of Encino Vein (from Enriquez & Otero, 2006).

The main mineralized structures are defined by Canasil's geologists as follows:

- **Maria Fernanda Vein** strikes N75˚and dips 63˚SE and varies from 0.15m to 1.5m in width. The vein system has been traced for nearly 800m. The vein contains argentite, native silver, electrum, sphalerite, galena, chalcopyrite, malachite, azurite, pyrite, pyrrhotite and hematite with gangue minerals quartz, calcite, sericite and chlorite (Figure 11.1)
- **Sandra Vein** strikes between N85˚W and N75˚E and dips 65˚N and 75˚N. The vein has been traced for 450m and has an average width of about 0.8m (Figure 11.2. The exposed area has a 1.2m width containing iron and manganese oxides and secondary copper minerals.
- **Barite Vein** strikes N45˚E to N60˚E with insufficient exposure to determine dip or width. The vein has been traced by surface trenches and pits for over 200m. Vein mineralization includes galena sphalerite and chalcopyrite in massive quartz and barite (Figure 11.3)
- **El Encino Vein** strikes between N55˚-80˚E and dips from 55˚-74˚S and 88˚N (Figure 11.4). A wide zone of alteration is associated with vein outcrops in a small creek but thick soil cover conceals possible vein extensions.

12.0 EXPLORATION BY THE ISSUER

Three phases of exploration have been conducted by Canasil on the Sandra Project Area. Exploration consisted of prospecting, geological mapping, and rock sampling and trenching to locate sites for proposed drill holes. After staking the Sandra project area in 2005, Minera Canasil started geological mapping, silt sampling and rock sampling of veins and alteration zones. Prior to trenching, a total 172 rock and silt geochemical samples were collected to selected priority trench sites (Enriquez, 2005; Enriquez and Otero, 2006). The Maria Fernanda, Sandra, Barite, and Encino vein systems were tested with 50 backhoe trenches totaling about 1150m. About 40 additional rock samples were collected to evaluate vein material and alteration exposed by trenches (Figures 12.1, 12.2, 12.3, & 12.4).

13.0 DRILLING

The writer is not aware of any previous drilling in the Sandra Project area. Exploration to date has defined the Maria Fernanda, Barite and El Encino vein systems as priority drill targets.

14.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

14.1 Sampling Personnel and Security

Sandra sampling data is from samples collected by Canasil personnel and consultants. The writer has worked with a number of personnel that have worked for Canasil and found them to be cable professional geologists and engineers. The writer has no reason to doubt the Canasil results. Reporting and description of sampling methods are conducted to standards recommended by the CIM and required by NI 43-101.

Sampling and geological mapping, conducted by Canasil, was undertaken by Erme Enriquez (2005) and Erme Enriquez and Juan Otero (2006) and both geologist have extensive

experience mapping and evaluating epithermal Au-Ag vein deposits in the volcanic field of the Sierra Madre

14.2 Sample Preparation and Analytical Procedures

Canasil reports on the Sandra Assay sheets indicate that Sandra analyses were completed by both ALS Chemex Laboratories in Vancouver, British Columbia and SGS Laboratory in Durango, Mexico with both laboratories meeting ISO 9000 certification requirements. The writer and Canasil follow recommended standards as outlined by the CIM best practice guidelines. The writer's samples were secured in plastic sacks and returned to SGS Laboratory in Durango for gold and silver assay and analyzed for copper, lead and zinc. ALS Chemex analyzed gold by AA23 a code for 30 gram fire assay start and gravimetric finish and 35 element ICP analysis (ME-ICP-41).

15.0 DATA VERIFICATION

15.1 Quality Control and Data Verification

The writer conducted a-field examination of the Sandra Property on July 30th, 2006. The field examinations included examination of the Maria Fernanada, Barite and El Encino vein systems. After a review of the files on the property in Canasil's Durango office, the writer was of the opinion that the Sandra vein structures represented a cost effective Au-Ag exploration targets for development of direct sipping mineralized material or sufficient mineralized material for a stand alone operation. The writer reviewed Canasil's sample locations in the field and found that sample numbers were well marked with pained numbers or tags. Sample data is tabulated with samples described by number, UTM GPS location, type, width and geological notes. Maps containing sample results were reviewed by the writer and found to meet industry standards.

15.2 Verification of Sampling and Analytical Data by Author (Figures 9.2 & 13.1; Table15.1)

The writer toured the Sandra property with Canasil's exploration manager Erme Enriquez on July 30th, 2006 and collected six surface samples from the Sandra project area. The samples are from the Maria Fernanda and El Encino vein systems support the presence of significant grades obtained by Canasil. The writer samples and locations are summarized in Table 15.1. The writer's sample results verify the significant Au and Ag values obtained by Canasil. The writer's samples were submitted to SGS Laboratories in Durango City for preparation and assay for gold and silver by fire assay start with an atomic absorption finish ("FA-AA") on a 30 gram split from the prepared sample. Copper, lead and zinc were determined by digestion of a 1.0 gram split in aqua regia and analysis by AA.

Table 15.1 Writer's Check Samples from the Sandra Property.

SAMPLE #	LOCATION UTM E/N	TYPE	WIDTH	AU g/t	AG g/t	COMMENTS
97872		Chip	1.0m	7.05	130	3M NE 873
97873	0428854E 2834329N	Chip	0.5m	8.86	175	▲20 MARIA FERNANDA @1108
97874	0428828E 2834323N	Chip	1.1m	0.01	93	▲21 MARIA F.; RUSTY RED IN POR AND
97875	0427613E 2833579N	Chip	0.9m	0.08	138	▲25 EL ENCINO; QV SHEARED N65E65SE
97876	0427614E 2833781N	Chip	4.0m	0.18	141	▲26; SHEARED QV IN AND; BELOW OLD WORKINGS
97877	0427638E 2833834N	Chip	7.0M	0.03	18	▲28 HEM SHEARED VEINED AND @ CREEK

16.0 ADJACENT PROPERTIES

16.1 Relevant Data on Adjacent Properties

Canasil holds several vein type prospects in the Sierra Madre Occidental of Mexico (Figure 6.2) with exploration of the Sandra and Colibri projects prepared for an initial drilling phase and San Francisco, Los Azules and Salamandra requiring additional drill target definition. At La Esperanza and Tres Marias/Cebollas, Canasil has completed Phase 1 drilling. . The San Francisco, Sandra, Los Azules, Colibri, Tres Marias/Cebollas and Esperanza have vein type characteristic and are situated in similar geologic, tectonic and physiographic environments. Salamandra is an intrusive contact type environment with potential for replacement or skarn type precious metal enhanced base metal deposits. Experience gained by Canasil in exploring other geologically similar areas will assist with evaluation of the Sandra project area (see Figure 6.2 for locations).

In 2001, Pan American Silver Corp. (PAS), through its Mexican subsidiary Plata Panamerican, S.A. de C.V., staked 400 hectares covering the Cerro Colorado (see Figure 6.3), a prominent clay and iron oxide altered hill adjacent to the Sandra project area.. Geologic work and sampling done by PAS in 2002 detected 3 veins with potential for around 450,000 tonnes grading 500 to 700 g/t Ag and several percent combined Pb and Zn. It is rumored that another company drilled several RC holes on the Cerro Colorado but no records of the drilling have been found (Enriquez and Otero, 2006).

The Bacis Mine, owned by Basis and the Tayoltita Mine owned by Luismin are significant gold and silver vein mines located about 100 km and 130 km south of the Sandra Project, respectively. The Guanacevi Mine of Endeavour Silver Corp. is 35 km NW of Sandra and the Topia Mine property controlled by Great Panther Resources and the La Cienega Mine of Penoles are about 70 km and 80 km SSW of Sandra, respectively. The presence of these

deposits demonstrated that the Sandra project area is situated in a highly prospective sector of the Sierra Madre Occidental.

17.0 MINERAL PROCESSING AND METALLURGICAL TESTING

17.1 Mineral Processing and Metallurgical Testing

Canasil has not conducted metallurgical testing on vein material from the Sandra. A number of veins in the area have been exploited for small tonnages of direct shipping mineralization which suggest that vein mineralogy is compatible with a number of small mills that have operated in the area.

18.0 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

18.1 Mineral Resource Estimates (Figure 18.1)

At the present time the Sandra property does not contain demonstrated mineral reserves or resources.

An exploration target has been estimated by Enriquez and Otero (2006) based on behavior of similar vein deposits in the Tertiary volcanic fields of Mexico that have recognized vertical extent of mineralized shoots or an "Ore Horizon" in the order of 300m to 500m. The vein structures are typically 30% to 40% mineralized with material grading about 300 to 600 g/t Ag equivalent. By applying the figures to the known width and outcrop length of the Maria Fernanda, Sandra, Barite and Encino vein structures a tonnage of 500,000 to 700,000 tonnes grading between 300 to 600 g/t Ag equivalent represents the exploration target. The exploration target can be increased in tonnage by exploring covered extensions and further expanded by including the Nora, Sexta, Elena , Chata and possibility of other productive veins.

19.0 OTHER RELEVANT DATA AND INFORMATION

The writer is not aware of any data not included in this report that would make the report misleading or would influence the writer's opinion that the property warrants the recommended Phase 1 drilling program. In the writer's opinion, the Phase 1 program is a worthwhile investment for Canasil.

20.0 INTERPRETATION AND CONCLUSIONS

20.1 Conclusions and Recommendations

The Sandra Project area is situated in a geological and tectonic environment the host numerous epithermal precious and base metal vein deposits. Previous exploration and the initial trenching and sampling programs by Canasil have defined several mineralized veins on the Sandra. Based on continuity, grade and access the Maria Fernanda, Barite and Encino veins have been selected for an initial 1,000 meter diamond drill test. The initial drill program and associated supervision, site preparation and reporting is estimated to cost $164,000 US.

Contingent on the success of the Phase 1 drilling, a 1,600 meter Phase 2 diamond drill program will be warranted with the success contingent Phase 2 estimated to cost $260,000US.

21.0 WORK RECOMMENDATIONS

21.1 Summary Recommendation of Two Phases of Work

21.2 Recommendation of Phase One Work

The writer also recommends a US$164,000 Phase1 1,000-meter diamond drill program to explore downward extensions of surface exposures of the Maria Fernanda, Barite and Encino vein systems. The total recommended Phase 1 budget of US$164,000 is summarized in Table 21.1.

21.3 Recommendation of Phase Two Work

A success contingent Phase 2, 1,600-meter drill program of resource definition and further scout drilling, is estimated to cost US$260,000. The success contingent Phase 2 budget is summarized in Table 21.2.

21.4 Opinion that Property is of Sufficient Merit to Justify Work Recommended

In the writer's opinion, the character of the property is of sufficient merit to justify the recommended Phase 1 program, and the program represents a worthwhile investment by Canasil.

TABLE 21.1. WORK PROGRAM AND BUDGET FOR PHASE 1 ON SANDRA PROPERTY, DURANGO STATE, MEXICO (Recommended and Warranted)

.Drill Holes	Description	Total Length	Estimated Cost
Project Preparation			5,000
Road and Drill Sites			3,000
Diamond Drilling	8-10 holes	1000 meters	90,000
Personnel			10,000
Room & Board			3,000
Sampling & Mapping			2,000
Geochemical Cost			15,000
Travel			3,000
Vehicles			2,000
Supplies & Eqip.			1,000
Permitting, Claim Fees, Legal			5,000
Engineering			5,000
Management			10,000
Office charges			5,000
Contingency			5,000
First Phase Total in US Dollars			$164,000

TABLE 21.2. WORK PROGRAM AND BUDGET FOR PHASE 2 ON SANDRA PROPERTY, DURANGO STATE, MEXICO (Success Contingent)

.Drill Holes	Description	Total Length	Estimated Cost
Project Preparation			5,000
Roads and Drill Sites			3,000
Diamond Drilling	12-16 holes	1600 meters	144,000
Personnel			15,000
Room & Board			4,000
Sampling & Mapping			2,000
Geochemical Cost			25,000
Travel			3,000
Vehicles			5,000
Supplies & Eqip.			3,000
Permitting, Claim Fees, Legal			5,000
Reporting & Engineering			10,000
Management			20,000
Office charges			6,000
Contingency			10,000
Second Phase Total in US Dollars			$260,000

22.0 REFERENCES AND SOURCES OF INFORMATION

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23.0 SIGNATURE, STAMP AND DATE

Signed and stamped at Vancouver, B.C., on the 22nd day of January 2007.

"Peter A. Christopher"

Peter A. Christopher, PhD, P.Eng.

24.0 CERTIFICATE

I, Peter A. Christopher, with business address at 3707 West 34th Avenue, Vancouver, British Columbia, do hereby certify that:

1. I am a Consulting Geological Engineer registered (#10,474) with the Association of Professional Engineers and Geoscientists of British Columbia since 1976.
2. I am a Fellow of the Geological Association of Canada.
3. I hold a B.Sc. (1966) from the State University of New York at Fredonia, a M.A. (1968) from Dartmouth College and a Ph.D. (1973) from the University of British Columbia.
4. I have been practicing my profession as a Geologist for over 35 years and as a Consulting Geological Engineer since June 1981. I have authorized over 200 qualifying engineering and exploration reports, and over 20 professional publications. I have work experience in most areas of the United States, Canada, Papaua New Guinea, Madagascar, Mexico and several other Latin American countries. As a result of my experience and qualifications, I am a qualified person as defined in National Instrument 43-101.
5. I have no direct or indirect, nor do I expect to receive any interest directly or indirectly in the properties or securities of Canasil Resources Inc. I am independent of Canasil Resources Inc. in accordance with the application of Section 1.5 of National Instrument 43-101.
6. I have based this report on previous exploration experience in Durango, Sinaloa and Zacatecas States, Mexico for Canasil Resources Inc. and others and on a review of reports listed in the references and sources of data section and on personal examinations of the Sandra Project area on July 30, 2006.
7. I am not aware of any material fact or material change with respect to the subject matter of this technical report which is not reflected in this report, of which the omission to disclose would make this report misleading.
8. I have read National Instrument 43-101, Form 43-101F1 and believe my report is in compliance with National Instrument 43-101.
9. I consent to the use of this report by Canasil Resources Inc. for any Filing Statement, Statement of Material Facts, Prospectus or Annual Information Form issued by Canasil Resources Inc.

Dated at Vancouver, British Columbia, the 22nd day of January 2007.

"Peter A. Christopher"

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Peter A. Christopher, Ph.D., P.Eng.