

Canasil Resources exploring Mexico and BC

by **Ellsworth Dickson**

Canasil Resources Inc. [CLZ-TSXV; 3CC-Frankfurt] doesn't have all of its eggs in one basket. Indeed, the junior explorer has no less than 10 projects in Durango, Zacatecas and Sinaloa states in Mexico, plus four projects in British Columbia, Canada.

These prospects are not just moose or lizard pastures, as all of them have yielded favourable results that warrant further exploration. However, with the projects being at early stages, shareholder value will be enhanced by mineral discovery and definition.

Canasil's projects in Mexico are concentrated in a well-recognized region with many silver, gold and base metal mines and some large recent discoveries such as MAG Silver's Juanicipio, Silver Standard's La Pitarrilla, Orko Silver's La Preciosa silver deposits and Canplats Resources Camino Rojo gold deposit, making this a highly prospective area for future discoveries. A key factor in Canasil's favour is the company's earn-in option agreements with industry leading partners **MAG Silver Corp.** [MAG-TSX] on the La Esperanza Project and **Pan American Silver Corp.** [PAA-TSX] on the Carina Project. Both are large projects hosting silver and silver-gold mineralized systems. Canasil has a separate agreement with Pan American on the Sandra-Escobar Silver-Gold Project, currently being drilled.

This spring, Canasil has been conducting several exploration programs on some of its Durango properties. At the Sandra-Escobar Project, 200 km northwest of the city of Durango with excellent access and infrastructure, the initial six drill holes (682m) tested four different silver-gold veins. These returned mineralized intercepts from three veins, including a high-grade intercept of 0.65 metres carrying 429 grams silver/tonne, 2.58 grams gold/tonne and 0.53% copper from the Maria Fernanda Vein, 2.06 metres of 121 grams silver/tonne from the Candelaria

Vein, and 0.45 metres of 121 grams silver/tonne, 6.62% zinc and 1.79% lead from the El Encino Vein. A wider 10.64-metre intercept of lower grade silver mineralization was cut at the footwall of the El Encino Vein that graded 18 grams silver/tonne, 0.76% zinc and 0.29% lead.

Canasil finds the discovery of mineralization below surface in these veins encouraging. Results warrant further drilling along strike and at depth to investigate the vein system at Sandra-Escobar, which occurs along a strike of over 3 km. The high-grade silver-gold Maria Fernanda Vein can be traced on surface over 500 metres with mineralization similar to that found at Endeavour Silver's nearby Guanacevi Mine. These veins present the opportunity for further positive results from more drilling along strike and to depth.

In addition, Canasil completed an airborne geophysical survey at Sandra-Escobar that returned a distinct porphyry-style signature, indicating potential for a large gold-silver target. Canasil continues to test the interpreted porphyry target with two or three deep holes for a total of 1,000 metres.

Canasil holds 100% interest in the 7,451-hectare Sandra Project claims, and has entered an option agreement with Pan American Silver to earn 51% interest in Pan American's 634 hectares adjoining Escobar Project claims. Canasil's exploration expenditures will go towards completing the initial \$1 million work commitment to earn 51% interest in the Escobar claims. Pan American can then back-in to acquire a 51% interest in the combined claims by paying three times the exploration expenditures incurred.

Canasil expects to see MAG Silver and Pan American Silver continue exploration and starting to drill at the La Esperanza and Carina projects in Zacatecas and Durango states. At the La Esperanza Project, MAG

MULTI PROJECTS = MULTI DISCOVERIES



Diamond drilling at the Sandra-Escobar Project, 200 km northwest of the city of Durango, Mexico. Photo courtesy Canasil Resources Inc.

Silver can earn a 60% interest by spending \$5 million on exploration and paying \$500,000 over four years. MAG has a firm commitment to spend \$750,000 including 1,500m of drilling in the first year, by August 2011. MAG's 2011 exploration budget at La Esperanza is \$1,125,000. Past drilling by Canasil at La Esperanza returned 13.10 metres grading 396 grams silver/tonne, 0.71% zinc and 1.91% lead, including 2,144 grams silver/tonne over 0.95 metres. This property has the geological potential to host a large, district-scale, high-grade, epithermal vein system.

At the Carina Project, adjacent to Pan American Silver and Orko Silver's La Preciosa Project, Pan American can earn a 55% interest by spending \$3.65 million on exploration and paying \$365,000 over four years. The Carina prospect features multiple veins and stockworks (networks of veins) that have been mapped over 800 by 500 metres which may host disseminated silver-gold mineralization. Pan American has defined drill targets and drilling is planned.

Canasil has no shortage of projects with drill targets as a platform for future discovery to create shareholder value. The company reported results from the recently completed ZTEM airborne geophysical surveys that outlined encouraging tar-

gets at the 100%-owned Salamandra and Victoria projects in Durango State. The Vizcaino and Nora projects also host prominent silver and gold veins which are ready for drill testing.

Canasil's Nora Project hosts the historic Candelaria Mine with two veins outcropping over a strike length of 750 metres. The veins can be traced at surface over 3 km. Twenty test samples from the veins and shallow underground workings returned encouraging silver, gold, copper, lead and zinc grades. The sample with the highest precious metal content from the Candelaria Vein (No.2503) assayed 1.98 grams gold/tonne, 514 grams silver/tonne, 1.03% copper, 4.45% lead and 3.28% zinc over 1.0 metre. In January 2011, Canasil signed an option agreement to acquire a 100% interest in La Cuesta International Inc.'s Candelaria claims surrounding the Nora Project, further increasing the project area and its potential.

While most of Canasil's efforts are focused on Mexico, the company also has four exploration projects in British Columbia. The 100%-owned Brenda gold-copper project in north-central BC is 25 km northwest of Northgate's South Kemess Mine. Significant gold-copper drill intersections from past drilling have confirmed the presence of a gold-copper porphyry system with the potential for hosting a large deep seated gold-copper deposit.

Canasil's three other 100%-owned projects in BC, the Vega Copper-Gold Project, the Lil Silver Project and the Granite Gold Project are all located in northern BC in the prolific, Quesnel Trough, which hosts several large mines and important mineral deposits.

With a number of large high potential projects, earn-in option agreements with leading industry partners, and an active exploration program, Canasil Resources would be of interest to resource stock investors who look for big upside potential generated by mineral discoveries. ■