

1.0 TITLE PAGE

TECHNICAL REPORT ON THE ESPERANZA PROJECT

ZACATECAS STATE, MEXICO

LOCATION

CENTERED NEAR UTM ZONE 13

600,557E

2,583,124N

PREPARED FOR

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3.0 SUMMARY

3.1 Property Description

Canasil Resources Inc. (“Canasil”) through its subsidiary Minera Canasil, S.A. de C.V. owns the La Esperanza Project (“Esperanza”) which covers about 435 hectares in the municipality of Chalchihuites, Zacatecas, Mexico. The Esperanza covers a past producing mine with epithermal silver-gold-base metal bearing vein systems. Exploration work conducted by Canasil has shown that mineralization continues along strike and dip from a stoped production area in the Esperanza vein. A diamond drilling program is presently testing the Esperanza vein along strike and down dip from the area of past production.

The writer was retained by Canasil to examine the setting of the Esperanza to qualify to prepare an independent technical report in the form required by NI 43-101. A field examination was conducted on August 1st, 2006 during which the historic Esperanza mine site was examined and samples collected.

3.2 Property Location, Infrastructure and Access

The Esperanza Project is located 100km SSE of Durango City near the boundary between the states of Durango and Zacatecas within the municipality of Chalchihuites, Zacatecas. The project area can be reached from Durango City via Federal highways 45 for 90km to the town of Vicente Guerrero and then on local paved road number 11 through the towns of Suchil, Durango and Chalchihuites to the town of Piedras Azules where 25km of dirt and gravel road extends SW to the property. Some improvements and cattle guards are needed before the road could be used for hauling direct shipping material.

3.3 Property Ownership & Terms of Agreement

The Esperanza property, consisting of the La Esperanza, Ampliacion La Esperanza and Lety claims are owned by Mr. Antonio Ontiveros Correa, an artisan miner. Canasil holds an option agreement that calls for payment of US\$150,000 over 3 years with 6 payments of US\$5,000 at 6 month intervals and a final payment of US\$120,000 and exploration expenditures of US\$145,000 over 3 years (US\$20,000 year 1; US\$50,000 year 2; and US\$75,000 year 3). The owner will retain a NSR of 1% if the price of silver is over US\$7.00/oz or a 0.5% NSR if the price of silver is below US\$7.00. Canasil has completed all required payments and completed required exploration expenditures of about US\$190,000 by the end of Phase 1.

3.4 Property Geology and Mineralization

The Esperanza Project is underlain by a sequence of Upper Volcanic Group (UVG), mainly andesites, dacites, rhyodacites and rhyolites with the area of the Esperanza vein mapped by Enriquez (2005) and presented as Figure 9.2.

Two Cenozoic regional compression and extensional events affected the Esperanza area and most of the Sierra Madre Occidental volcanic province. Cenozoic tectonics provided ground preparation for the N35-40°W striking and 65° to 75°SW dipping La Esperanza vein. Vein mineralization consists mainly of silver sulfides, galena and sphalerite. Gangue minerals include pyrite, hematite, specularite, barite and grey and white varieties of quartz. The writer's check samples validate the presence of significant silver and gold mineralization in the Esperanza area and support previous Canasil sample results.

TABLE 3.1 Writer's Check Samples for Esperanza Project, Zacatecas State, Mexico (060801).

SAMPLE #	LOCATION UTM E/N	TYPE	WIDTH	ZINC %	Lead %	AG g/t	COMMENTS
97882	0600586E 2583575N	Chip	2.0m	0.36	0.46	141	▲42 LIMY SED
97883	0600517E 2583685N	Dump	Select	0.45	2.48	1,117	▲43 W. BARITIC V. GREY QTZ
97884	0600494E 2583538N	Dump	Grab	3.11	3.76	544	▲44 15M RANDOM GRABS

3.5 Deposit Type & Exploration Concept

The La Esperanza hosts the la Esperanza vein, a low sulfidation epithermal base and precious metal vein in Tertiary UVG andesites, rhyodacites and rhyolites. The vein has been previously mined with production estimated at about 70,000 tons was shipped to mills at Chalchihuites. Similar deposit type include Guanacevi Mining District in NW Durango State 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. The La Parrilla, San Martin, Chalchihuites, and La Colorada are all silver or gold-silver and base metal operations within 50km of the La Esperanza.

3.6 Status of Exploration Development and Operations

Exploration by Canasil has consisted of prospecting, geological mapping, and rock sampling to locate sites for drill holes. After acquiring the Esperanza in 2005, Minera Canasil started geological mapping, and rock sampling of veins and alteration zones. In early August 2006 a 1,200 meter, Phase 1 diamond drilling program was initiated. Canasil completed 8 holes totaling about 1,182 meters with result reported for holes ES-06-1 through ES-06-8. Significant drill results for Phase 1 drilling are summarized in Tables 3.2. The Phase 1 drill program has outlined a mineralized panel with a strike length of over 150 meters and depth of 100 meters carrying high-grade silver mineralization (see Table 3.2). Seven drill holes intersected the main La Esperanza vein (LE) and five holes also intersected a significant mineralized width of hanging wall vein (HW). The weighted average grade of the seven mineralized intercepts in the La Esperanza vein is 330 g/t (9.62 oz/ton) silver, 0.93% (18.60 lbs/ton) zinc and 1.57% (31.40 lbs/ton) lead over an average width of 4.21 meters.

TABLE 3.2 Significant Drill Results from Canasil NR 06-21 (061106)

La Esperanza Project – Phase 1 Diamond Drill Program									
Vein or Structure	Interval – Metres		True Width Metres	Grades					
	From	To		Silver g/t	Silver oz/ton*	Zinc %	Zinc lbs/ton**	Lead %	Lead lbs/ton**
Diamond Drill Hole ES-06-02									
Avg. LE	100.22	107.74	5.14	210	6.13	1.25	25.00	1.03	20.60
Incl.	101.68	107.74	3.46	249	7.25	1.48	29.60	1.22	24.20
And	101.68	104.17	1.42	458	13.36	2.20	44.00	2.31	46.20
And	102.60	103.75	0.66	615	17.94	3.37	67.40	2.12	42.40
Diamond Drill Hole ES-06-03									
Avg. HW	78.90	80.66	1.44	274	7.99	0.20	4.00	0.10	2.00
Incl.	78.90	79.74	0.69	449	13.10	0.20	4.00	0.09	1.80
Avg. LE	102.80	104.30	1.23	287	8.37	0.38	7.60	2.12	42.40
Diamond Drill Hole ES-06-04									
Avg. HW	88.45	90.80	1.79	142	4.14	2.32	46.40	1.07	21.40
Avg. LE	116.83	127.25	7.52	388	11.32	1.36	27.20	1.35	27.00
Incl.	118.92	121.58	2.09	634	18.49	1.56	29.00	1.45	29.00
And	124.47	127.25	2.12	593	17.30	0.35	7.00	1.09	21.80
Diamond Drill Hole ES-06-05									
Avg. HW	118.46	119.88	1.12	471	13.74	3.11	62.20	6.04	120.80
Avg. LE	147.82	160.92	10.30	396	11.55	0.71	14.20	1.96	39.20
Incl.	147.82	152.03	3.31	746	21.76	0.57	11.40	2.20	44.00
And	148.22	150.15	1.52	1,360	39.67	0.38	7.60	3.40	68.00
And	148.22	149.17	0.75	2,144	62.53	0.29	5.80	3.20	64.00
Incl.	154.35	159.10	2.73	389	11.35	0.97	19.40	3.30	66.00
Diamond Drill Hole ES-06-06									
Avg. HW	116.23	118.15	1.35	160	4.67	1.18	23.60	1.40	28.00
Avg. LE	130.35	130.76	0.29	192	5.60	0.60	12.00	0.51	10.20
Diamond Drill Hole ES-06-07									
Avg. HW	152.68	154.65	1.65	551	16.07	0.42	8.40	1.47	29.40
Includes	152.68	153.60	0.77	945	27.56	0.35	7.00	1.95	39.00
Avg. LE	160.02	162.40	1.99	272	7.93	0.34	6.80	0.24	4.80
Diamond Drill Hole ES-06-08									
Avg. LE	183.85	196.40	4.69	115	3.35	1.02	20.40	1.30	26.00
Includes	183.85	189.30	2.04	122	3.56	0.96	19.20	1.66	33.20
And	192.63	196.40	1.41	168	4.90	1.04	20.80	1.57	31.40
Average width and grades HW			1.53	324	9.45	1.37	27.40	1.80	36.00
Average width and grades LE			4.21	330	9.62	0.93	18.60	1.57	31.40

* g/t (grams per metric tonne) is converted to oz/ton (ounces per short ton) by a conversion factor of 34.2856
** % zinc and % lead is converted to lbs/ton (pounds per short ton) using a conversion factor of 20 lbs per 1%

3.7 Conclusions and Recommendations

Previous exploration and development and the initial sampling and drilling by Canasil have defined extensions along strike and dip of a previously mined mineralized vein system on the Esperanza Property. The widths and grades observed in the Phase 1 drill program indicate a strongly mineralized system, which is open along strike and dip. Based on the success of the initial 1182 meter drilling program (NR 061106) in finding continuity and good grade along strike and dip from the old Esperanza mine, a Phase 2A, 2,500 meters drilling program for testing along vein strike and dip and for resource definition is recommended. A Phase 2B resource estimate and preliminary assessment (scoping study) is recommended after completion of Phase 2 drilling. Phase 3, a 3,000 meter program of further resource definition drilling is contingent on Phase 2 success.

The Phase 2 programs are estimated to cost US\$500,000. Phase 2A, 2,500m drilling program and Phase 2B, resource estimate and scoping study, are estimated to cost US\$450,000 and US\$50,000, respectively.

3.8 Opinion of Merit

In the writer's opinion, the character of the property is of sufficient merit to justify the recommended Phase 2 programs and the programs represents a worthwhile investment by Canasil. The writer believes that the Phase 1 program has sufficient success to justify the Phase 2A drilling program and the Phase 2A drilling will result in current resource estimate and preliminary assessment (Phase 2B).

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 La Esperanza Silver Property ("Esperanza") in Zacatecas 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 Esperanza Project area on August 1st, 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 San Martin, Tayoltita and

Basis Mines 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 Esperanza property.

The writer has relied on final Phase 1 report on Phase 1 drill results by Erme Enriquez (2006).

4.3 Field Involvement of the Qualified Person (Author)

The author of this report spent August 1st, 2006 traveling from city of Durango to the Esperanza 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 several TSX and TSX venture companies.

5.0 RELIANCE ON OTHER EXPERTS

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 Esperanza Property, consisting of 3 exploration concessions covering about 435 hectares (Table 6.1; Figure 6.3) is situated in the Chalchihuites Mining District as shown in Figures 6.1 to 6.3.

6.2 Property Location (Figures 6.1, 6.2 & 6.3)

The Esperanza Project is located 100km SSE of Durango City near the boundary between the states of Durango and Zacatecas within the municipality of Chalchihuites, Zacatecas. The Esperanza Property is centered near UTM coordinates 600,557E and 2,583,124N in 1:250,000 map sheet Zacatecas F13-6 (Figures 6.1 and 6.2). The Esperanza Project is in the Sierra Madre Occidental Physiographic Province between the Mesa Central Physiographic Province to the east and the Coastal Plain to the west.

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

The Esperanza property, consisting of 3 claims or exploration concessions, La Esperanza, Amplication La Esperanza, and Lety covers about 435 ha in the Zacatecas State, Tepehuanes and Guanacevi Municipalities, State of Durango, Mexico. Claim locations are shown on Figure 6.2 with claim data summarized in Table 6.1.

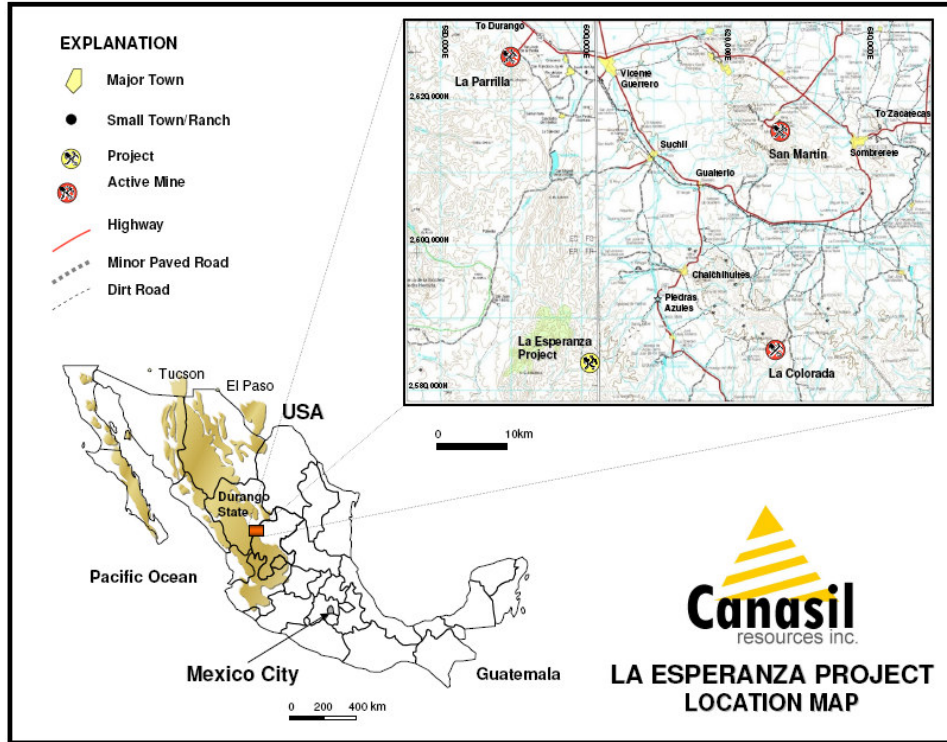


Figure 6.1 Location of La Esperanza Project, Zacatecas State, Mexico.

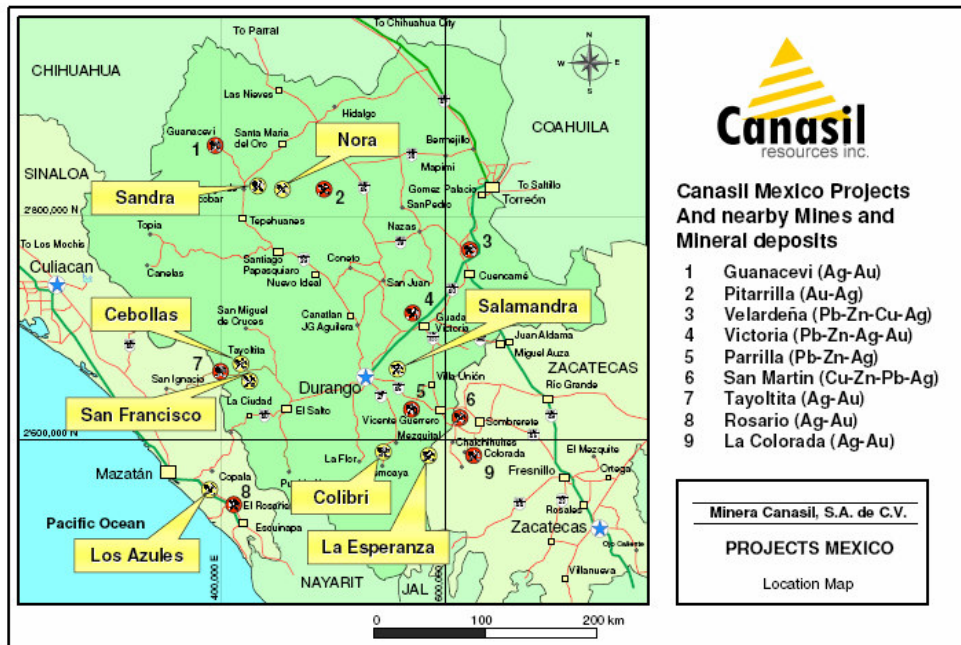


Figure 6.2 Canasil Mexican Projects and nearby Mines and significant Mineral Deposits.

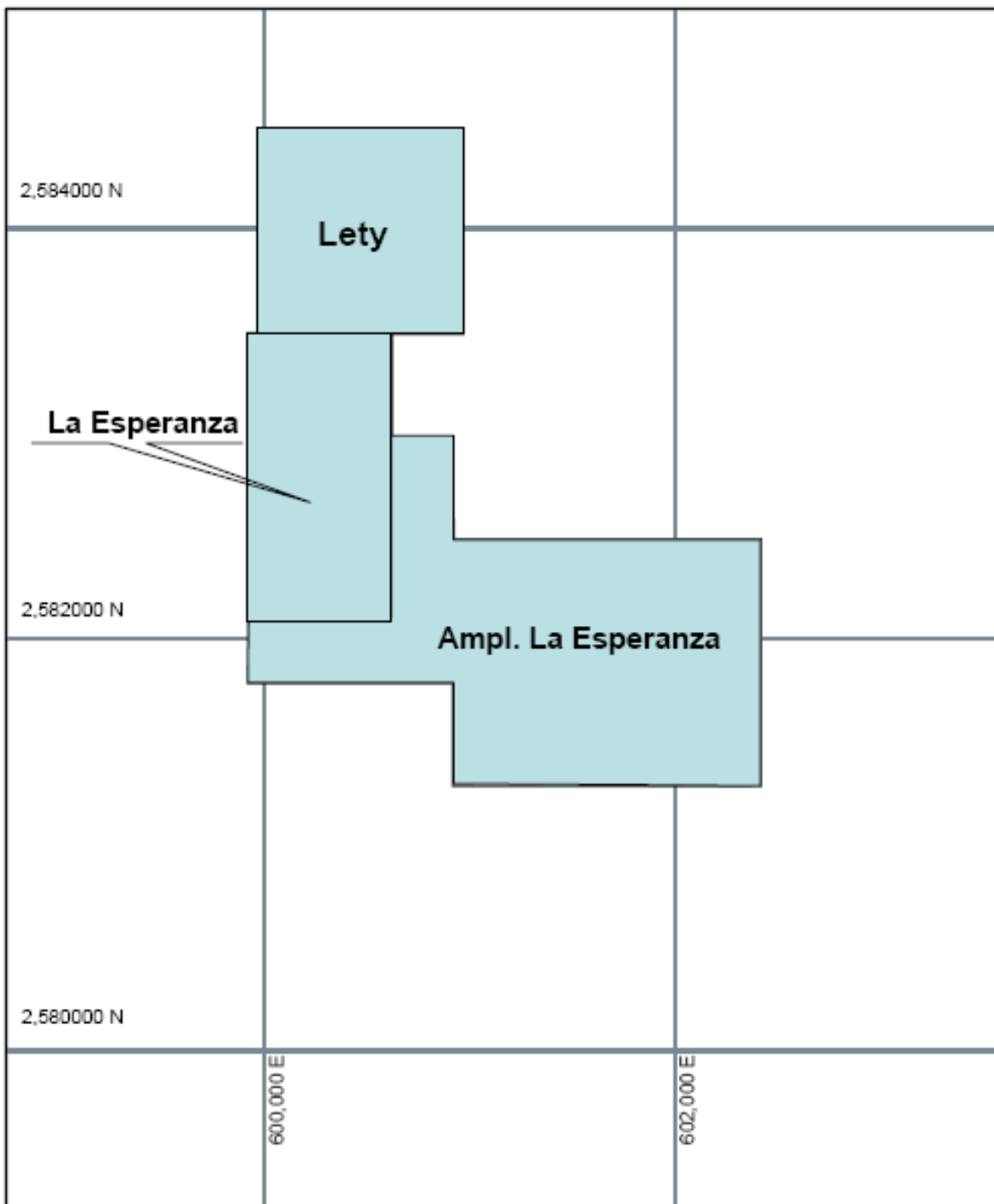


Figure 6.3 Claim Plan for Esperanza Project, Zacatecas State, Mexico.

Table 6.1 Pertinent Claim Data for La Esperanza Project.

Name	Claim #	Hectares	Municipality	Owner
La Esperanza	209168	98.000	Chalchihuites	Antonio Ontiveros Correa
Ampliacion La Esperanza	209190	237.000	“	“
Lety	093/27509	100.000	“	“

6.4 Claim Title

The writer has examined documents that suggest that Canasil holds an option from the owner of the Esperanza Property to acquire 100% interest in the property subject to a net smelter royalty of 1% when silver is over \$7.00US an ounce and 0.5% when silver is under \$7.00US an ounce. The option agreement requires payments totaling \$150,000 over 3 years (six bi-annual payments of US\$5,000 and US\$120,000 on the third anniversary date) with yearly exploration expenditures over the same period of US\$145,000 (Year 1 US\$20,000, Year 2 US\$50,000 and Year 3 US\$75,000). The exploration expenditure has been satisfied with the completion of the Phase 1 drilling program.

Ownership and agreements on the Esperanza property are legal matters and a title opinion should be maintained by Canasil’s legal counsel.

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 Esperanza property concessions (Figure 6.2) 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 6.2.

6.6 Environmental Liabilities

The writer is not aware of any environmental liabilities related to the La Esperanza project area. The veins are characteristically low sulphidation and acid mine waters should not be a serious problem. Two small dumps on the property are estimated to contain about 10,000 tons of material which could be sorted for processing if the operation progresses.

6.7 Workings on the Property

A number of small shafts pits and tunnels have been constructed along the Esperanza vein system. The Esperanza vein is shown on the geological and drill hole plans (Figures 9.2 & 13.1) with some of the surface workings and dumps. The approximate location of previous stoped areas is shown in longitudinal sections (Figures 13.2 & 13.3).

7.0 ACCESSIBILITY, LOCAL RESOURCES, CLIMATE, AND PHYSIOGRAPHY

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

The Esperanza Project is located 100km SSE of Durango City near the boundary between the states of Durango and Zacatecas within the municipality of Chalchihuites. The project area can be reached from Durango City via Federal highways 45 for 90km to the town of Vicente Gurrero and then on local paved road number 11 through the towns of Suchil, Durango and Chalchihuites to the town of Piedras Azule where 25km of dirt and gravel road extends SW to the property. Some improvements and cattle guards are needed before the road could be used for hauling direct shipping material.

7.2 Topography, Elevation and Vegetation

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

Esperanza 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. 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 30°C during the summer season. The rainy season extends from June through September with occasional rain and cooler temperatures in 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 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 Esperanza 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 Chalchihuites, Zacatecas, San Martin, Fresnillo and La Parrilla.

Local power lines service ranches in the 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. Another possibility is sorting and upgrading grade of mineralization for direct shipping to one of the many active mills in the area.

8.0 HISTORY

The Esperanza vein was probably discovered by the Spanish and mined a small tonnage of high grade from surface exposures. In the mid-1950s the mine was acquired by Mr. Alfonso Mazatan, who explored the deposit till the mid-1960s. He developed three levels and a 90 meter shaft. Although no maps or plans could be found for the property, the size of the dumps and workings suggest that about 70,000 tonnes of mineralized material was extracted from the mine workings. Direct shipping ore, which was probably hand sorted, was sent to Penoles for processing.

In 1999 the property was acquired by Mr. Antonio Ontiveros and about 365 tonnes hauled to the Velardena plant for processing. In October 2005, Canasil announced signing a letter of agreement providing Minera Canasil with an option to acquire the La Esperanza silver-lead-zinc property from Mr. Ontiveros.

8.1 Historic Resources and Reserves

No records of past production or plans of working could be found and no historic resources reports were available to the writer. It is rumored that the mine closed because of caving that probably resulted from over zealous removal of high grade support pillars. The dumps suggest that mine was still in well mineralized material at closure.

9.0 GEOLOGICAL SETTING

9.1 Regional Geological Setting (Fig. 9.1)

The general geology of Zacatecas State, Mexico has been compiled by the Consejo de Recursos Minerales (J. Lopez Avila et al., 1991). Zacatecas State is covered by approximately 40% Upper Volcanic Group rocks of middle Oligocene to Miocene (16 to 33 ma) in age. The Tertiary volcanic rocks consist of a sequence of ignimbrites, rhyolites, rhyodacites, partially welded tuffs and calcic latites. The middle Tertiary volcanic sequence is cut by basaltic dikes. The Tertiary volcanic cover is nearly continuous in the SW part of the state in the area of the Esperanza project and decreases to the NE.

9.2 Property and Local Geology (Fig. 9.2)

The property geology of the Esperanza project area has been mapped by Enriquez (2006b). Enriquez states that, "The lower unit in the area is characterized by a series of porphyritic andesite flows, grey to green in color, with phenocrysts of plagioclase and feldspars in a groundmass composed of ferromagnesian minerals and feldspars." The andesite flows occur as tongues intercalated with rhyolite tuff. Overlying the unit containing andesitic flows is a light cream to buff colored unit composed of crystal-lithic welded rhyolite tuff. In the area of the mine, the package of rocks is generally tilted 30°SW.

No major faults are seen at surface, but the strong NNW La Esperanza vein system appears to be terminated at its NNW and SSE ends. The termination is probably caused by faulting since wide and strong vein zones like La Esperanza generally have strike lengths of a few kilometers.

9.3 Structural Geology

The main structural features of the Esperanza 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 the NNW-SSE trending structure that hosts the La Esperanza vein.

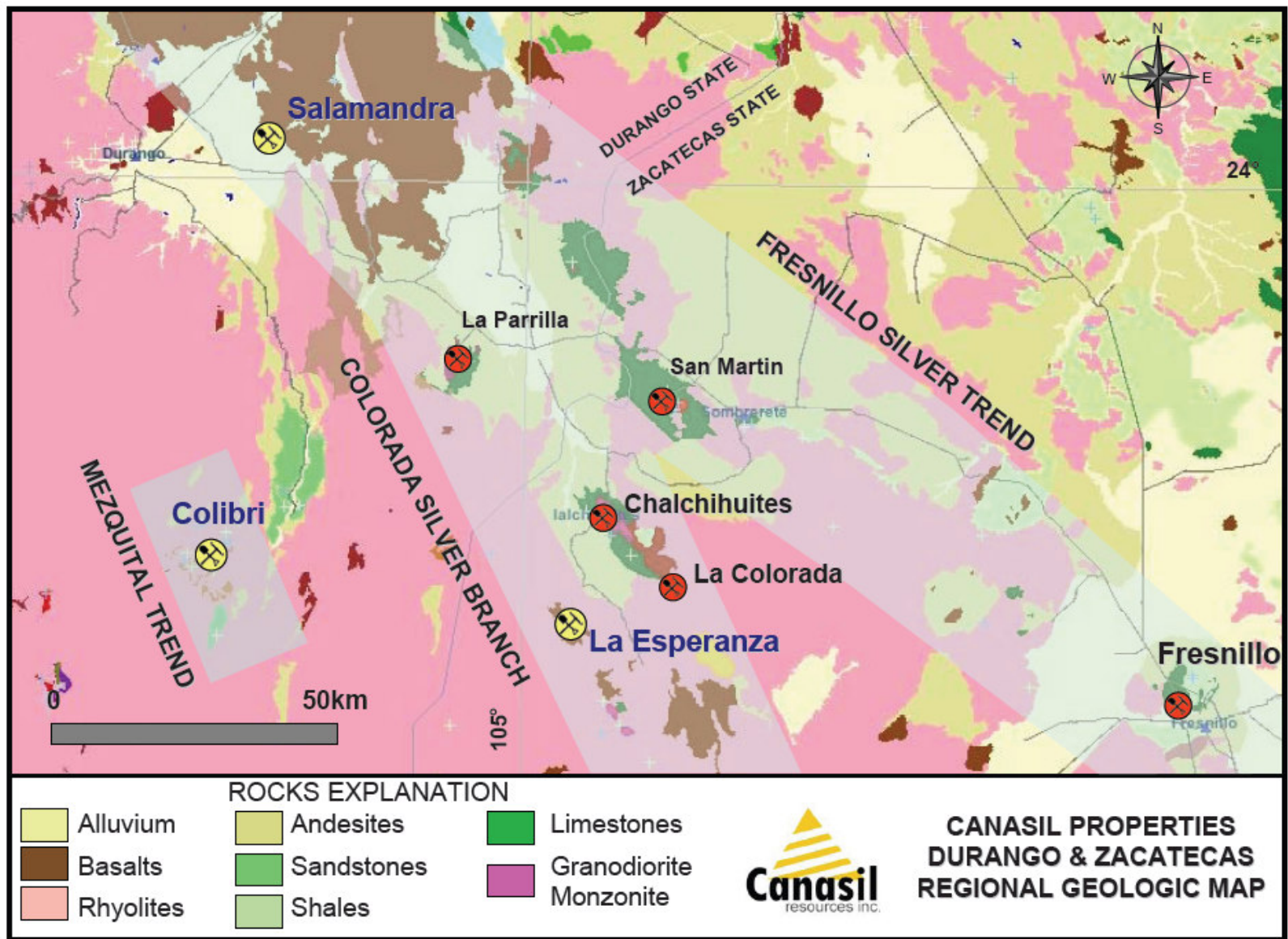


Figure 9.1 Generalized Geology, Zacatecas State, Mexico, After CRM (1992)

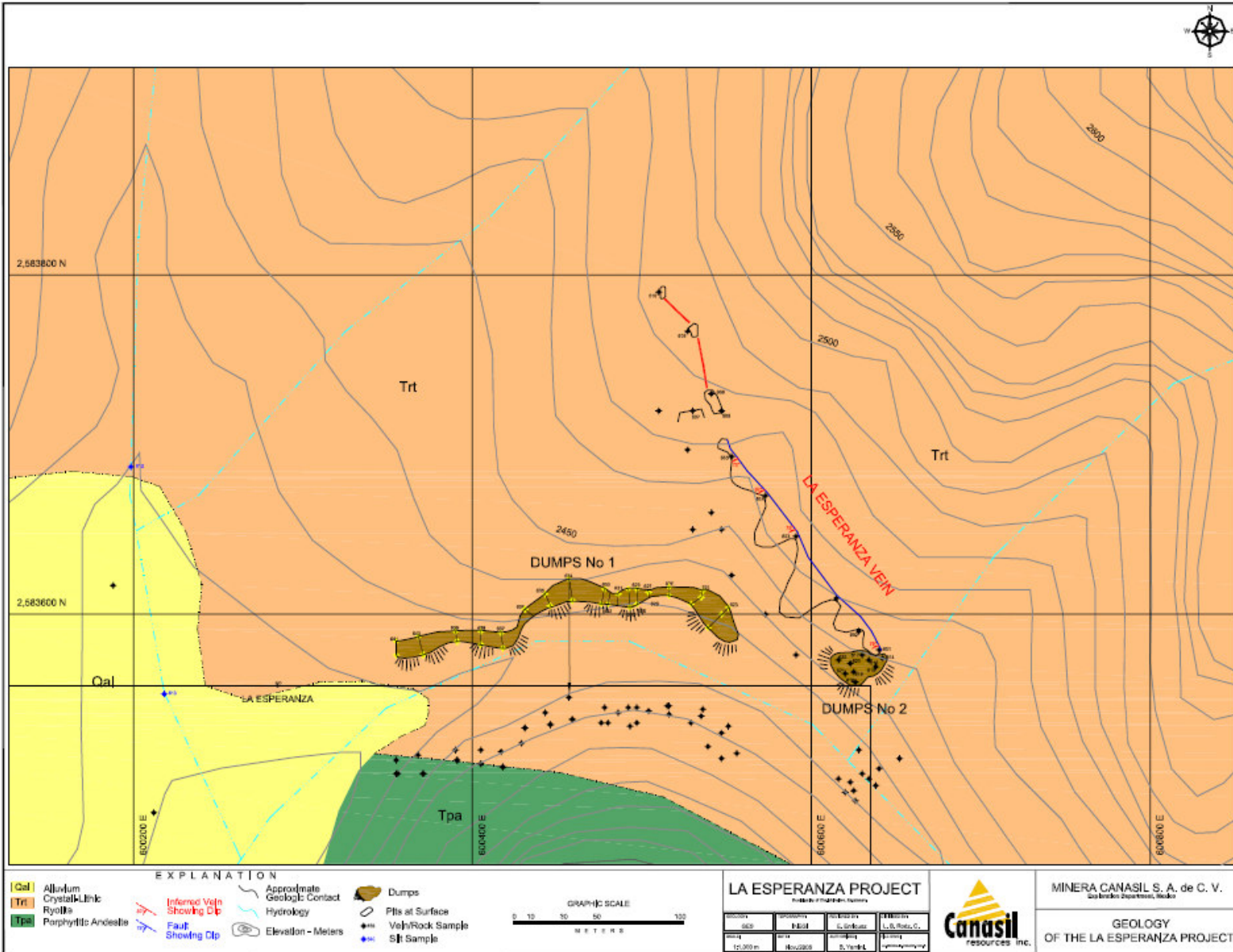


Fig. 9.2 Generalized Geologic Map of La Esperanza Project (Enriquez, 2006b)

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 La Esperanza hosts the la Esperanza vein, a low sulfidation epithermal base and precious metal vein in Tertiary UVG andesites, rhyodacites and rhyolites. The vein has been previously mined with production estimated at about 70,000 tons was shipped to mills at Chalchihuites. Similar deposit type include Guanacevi Mining District in NW Durango State 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. The La Parrilla, San Martin, Chalchihuites, and La Colorada are all silver or gold-silver and base metal operations within 50km of the La Esperanza.

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 500 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

11.1 Mineralized Zones Encountered on the Property

Cenozoic tectonics provided ground preparation for the N35-40°W striking and 65° to 75°SW dipping La Esperanza vein. Vein mineralization consists mainly of silver sulfides, galena and sphalerite. Gangue minerals include pyrite, hematite, specularite, barite and grey and white varieties of quartz. The writer’s samples validate the presence of significant silver and gold mineralization in the Esperanza area and verify previous Canasil sample results.

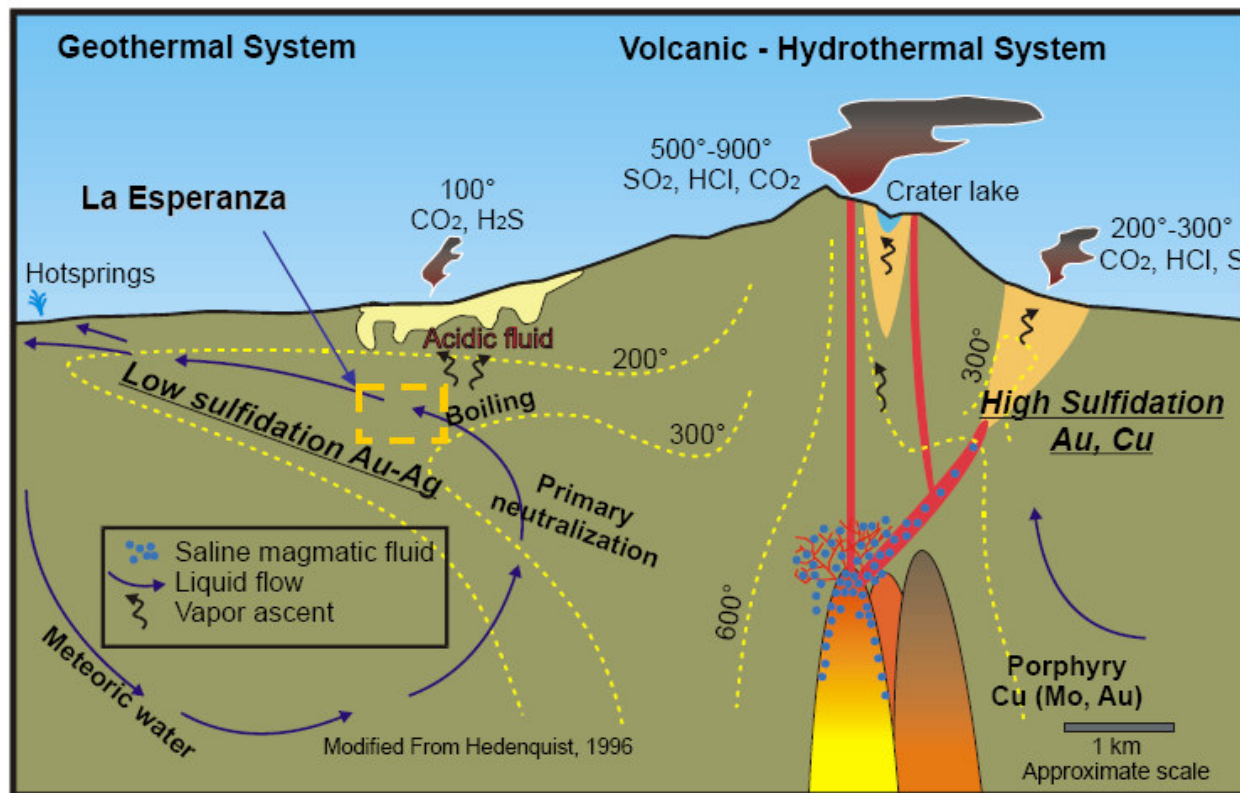


Figure 10.1 Schematic cross section showing model for low-intermediate sulfidation epithermal mineral deposits in Sierra Madre (from Enriquez, 2006b)

12.0 EXPLORATION BY THE ISSUER

Exploration conducted by Canasil on the Esperanza consists of initial mapping, prospecting and sampling to define the Esperanza vein system and define priority Phase 1 drill targets. The Phase 1 drill program conducted between the early August 2006 and the middle of October 2006 consisted of 8 NQ diamond drill holes totaling 1182.35 meters. Diamond drill hole information is summarized in Tables 13.1 and 13.2 with drill hole locations shown on Figure 13.1 and pierce points shown in section on Figures 13.2 and 13.3. Drill holes are shown in section on Figures 13.4 to 13.8.

13.0 DRILLING

The writer is not aware of any previous drilling in the Esperanza area prior to the Phase 1 by Canasil. The initial drilling program by Canasil, consisting of 8 holes totaling about 1182.45 meters, is summarized in Tables 13.1 and 13.2 with holes located on Figure 13.1 and pierce points shown in longitudinal section on Figures 13.2 and 13.3 and results summarized on sections 13.4 to 13.8. An assay intervals table, for drill holes ES-06-03 and ES-06-04 (Canasil NR-06-18), is appended as Table A1 to show how assays intervals vary within reported mineralized intervals.

Drill hole ES-06-01 intersected a stoped section of La Esperanza vein and only provides information about the extent of previous mining. Holes ES-06-2 through ES-06-08 all contained significant widths of mineralized material with intervals summarized in Tables 13.1 and 13.2 and in sections presented as Figures 13.2 through 13.8. Drill hole ES-06-05, located approximately 50 meters below ES-06-04 (Figure 13.4) intersected 13.10 meters from 147.82 to 160.92m grading 396 g/t silver and 0.71% zinc and 1.96% lead which confirmed the continuity of strong silver-lead-zinc mineralization at depth and suggests that the zone width increases at depth. A high-grade, 0.95m intercept within the mineralized zone of hole ES-06-05 returned assays of 2,144g/t silver, 0.29% zinc, and 3.20% lead.

The Phase 1 drill program has outlined a mineralized panel with a strike length of over 150 meters and depth of 100 meters carrying high-grade silver mineralization (see Tables 13.1 and 13.2). Seven drill holes intersected the main La Esperanza vein (LE) and five holes also intersected a significant mineralized width of hanging wall vein (HW). The weighted average grade of the seven mineralization intersected in the La Esperanza vein is 330 g/t (9.62 oz/ton) silver, 0.93% (18.60 lbs/ton) zinc and 1.57% (31.40 lbs/ton) lead over an average width of 4.21 meters.

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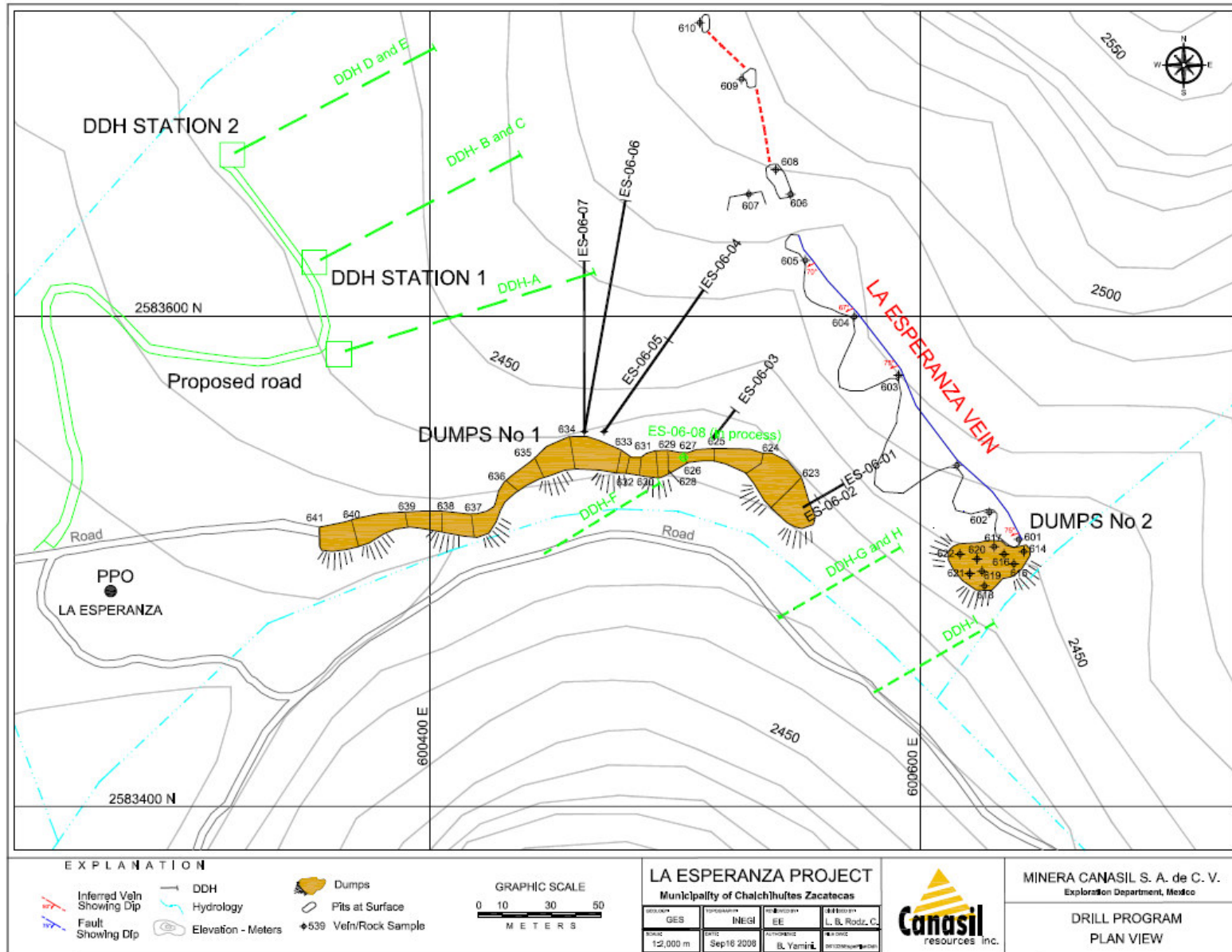


Figure 13.1 Phase 1 Drill Holes in black and proposed Phase 2 Drill Stations in green (from Enriquez 2006b)

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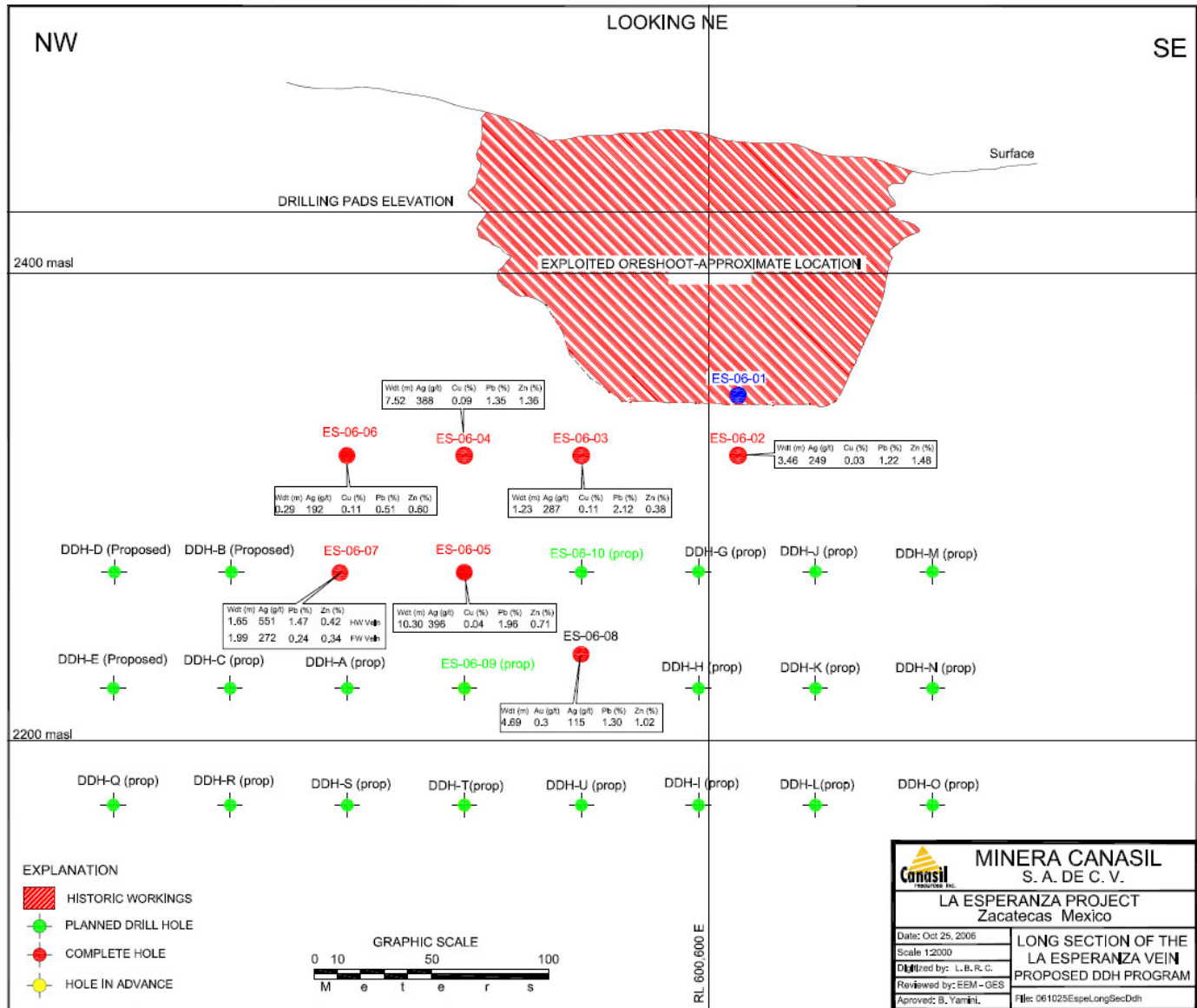


Figure 13.2 Longitudinal Section with pierce points in the Esperanza vein of completed (blue and red) and proposed drill holes (green) (From Enriquez, 2006b)

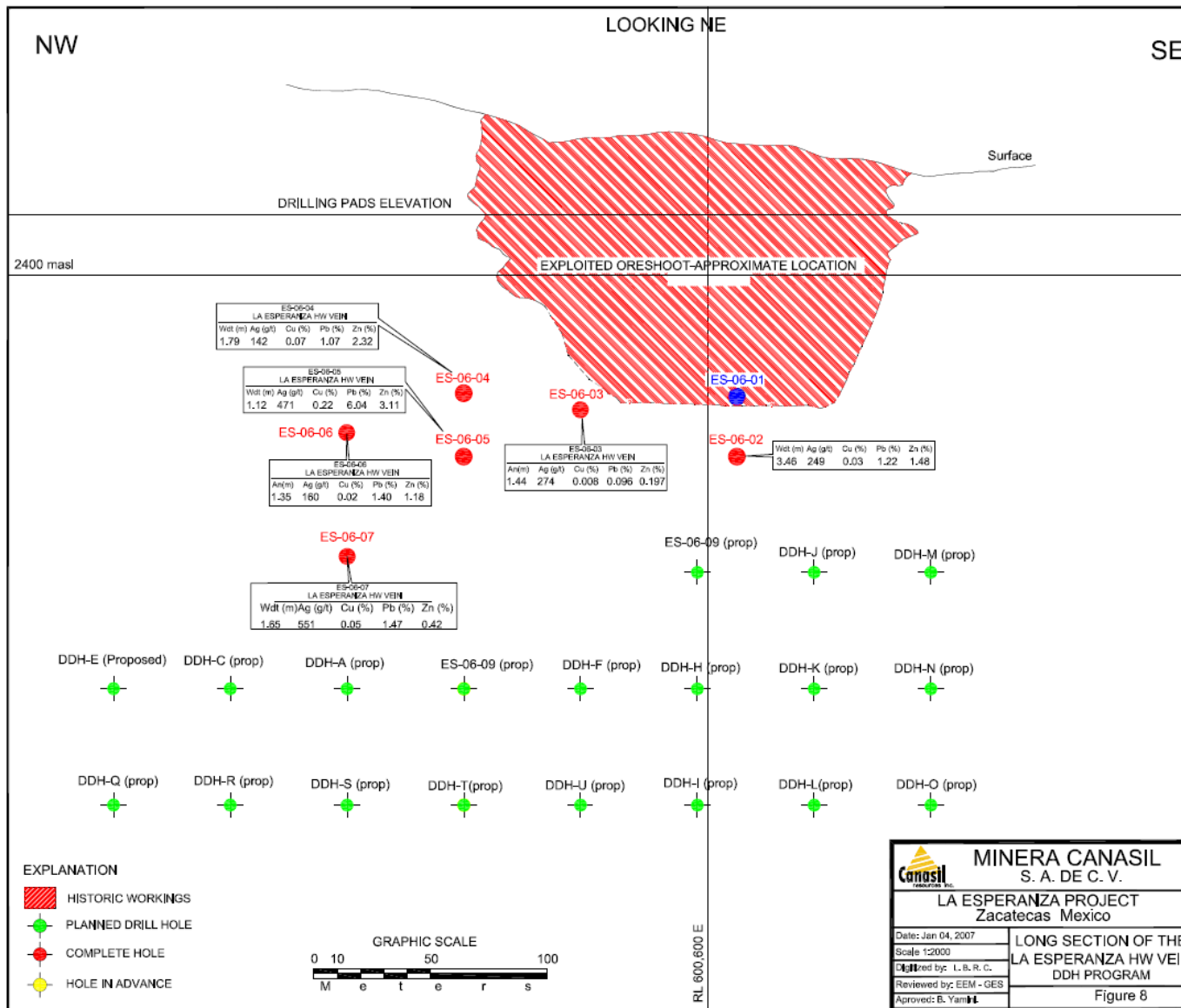


Figure 13.3 Longitudinal Section with pierce points in the Esperanza Hanging Wall vein of completed (blue and red) and proposed drill holes (green) (From Enriquez, 2006b)

TABLE 13.1 Significant Drill Results from Canasil NR 06-21 (061106)

La Esperanza Project – Phase 1 Diamond Drill Program									
Vein or Structure	Interval – Metres		True Width Metres	Grades					
	From	To		Silver g/t	Silver oz/ton*	Zinc %	Zinc lbs/ton**	Lead %	Lead lbs/ton**
Diamond Drill Hole ES-06-02									
Avg. LE	100.22	107.74	5.14	210	6.13	1.25	25.00	1.03	20.60
Incl.	101.68	107.74	3.46	249	7.25	1.48	29.60	1.22	24.20
And	101.68	104.17	1.42	458	13.36	2.20	44.00	2.31	46.20
And	102.60	103.75	0.66	615	17.94	3.37	67.40	2.12	42.40
Diamond Drill Hole ES-06-03									
Avg. HW	78.90	80.66	1.44	274	7.99	0.20	4.00	0.10	2.00
Incl.	78.90	79.74	0.69	449	13.10	0.20	4.00	0.09	1.80
Avg. LE	102.80	104.30	1.23	287	8.37	0.38	7.60	2.12	42.40
Diamond Drill Hole ES-06-04									
Avg. HW	88.45	90.80	1.79	142	4.14	2.32	46.40	1.07	21.40
Avg. LE	116.83	127.25	7.52	388	11.32	1.36	27.20	1.35	27.00
Incl.	118.92	121.58	2.09	634	18.49	1.56	29.00	1.45	29.00
And	124.47	127.25	2.12	593	17.30	0.35	7.00	1.09	21.80
Diamond Drill Hole ES-06-05									
Avg. HW	118.46	119.88	1.12	471	13.74	3.11	62.20	6.04	120.80
Avg. LE	147.82	160.92	10.30	396	11.55	0.71	14.20	1.96	39.20
Incl.	147.82	152.03	3.31	746	21.76	0.57	11.40	2.20	44.00
And	148.22	150.15	1.52	1,360	39.67	0.38	7.60	3.40	68.00
And	148.22	149.17	0.75	2,144	62.53	0.29	5.80	3.20	64.00
Incl.	154.35	159.10	2.73	389	11.35	0.97	19.40	3.30	66.00
Diamond Drill Hole ES-06-06									
Avg. HW	116.23	118.15	1.35	160	4.67	1.18	23.60	1.40	28.00
Avg. LE	130.35	130.76	0.29	192	5.60	0.60	12.00	0.51	10.20
Diamond Drill Hole ES-06-07									
Avg. HW	152.68	154.65	1.65	551	16.07	0.42	8.40	1.47	29.40
Includes	152.68	153.60	0.77	945	27.56	0.35	7.00	1.95	39.00
Avg. LE	160.02	162.40	1.99	272	7.93	0.34	6.80	0.24	4.80
Diamond Drill Hole ES-06-08									
Avg. LE	183.85	196.40	4.69	115	3.35	1.02	20.40	1.30	26.00
Includes	183.85	189.30	2.04	122	3.56	0.96	19.20	1.66	33.20
And	192.63	196.40	1.41	168	4.90	1.04	20.80	1.57	31.40
Average width and grades HW			1.53	324	9.45	1.37	27.40	1.80	36.00
Average width and grades LE			4.21	330	9.62	0.93	18.60	1.57	31.40

* g/t (grams per metric tonne) is converted to oz/ton (ounces per short ton) by a conversion factor of 34.2856
 ** % zinc and % lead is converted to lbs/ton (pounds per short ton) using a conversion factor of 20 lbs per 1%

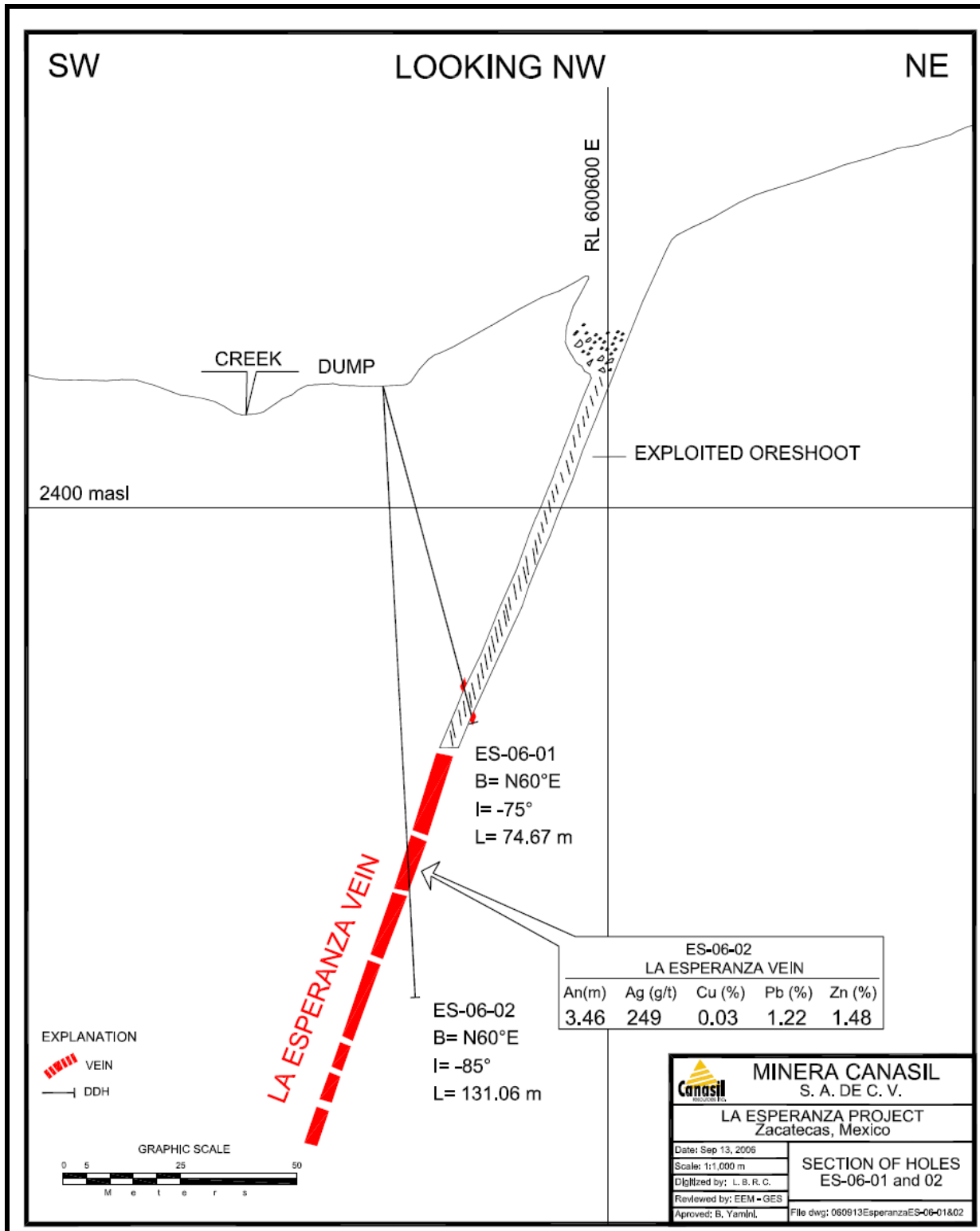


Figure 13.4 Section for drill holes ES-06-01 & ES-06-02.

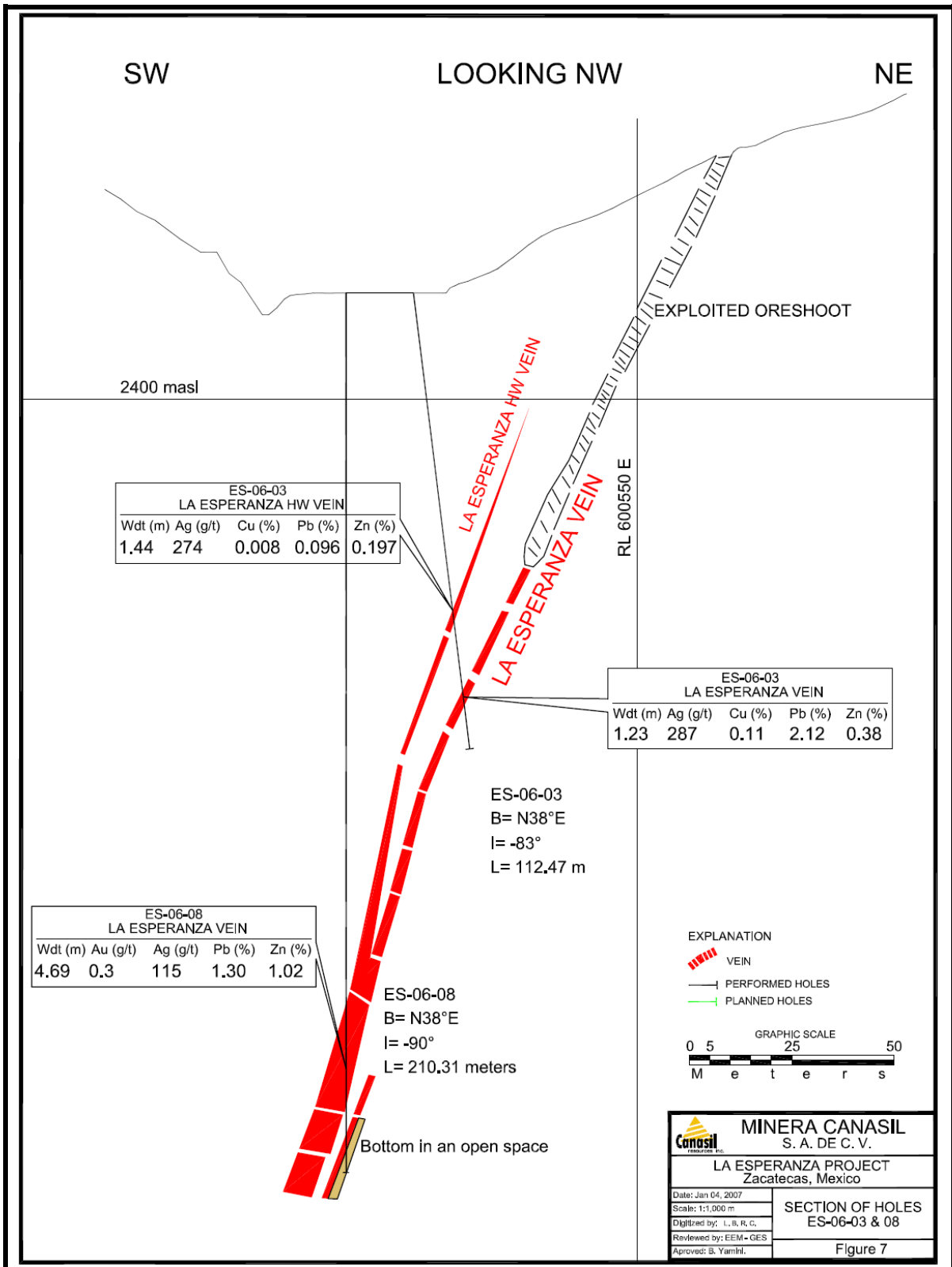


Figure 13.5 Section through drill holes ES-06-03 and ES-06-08

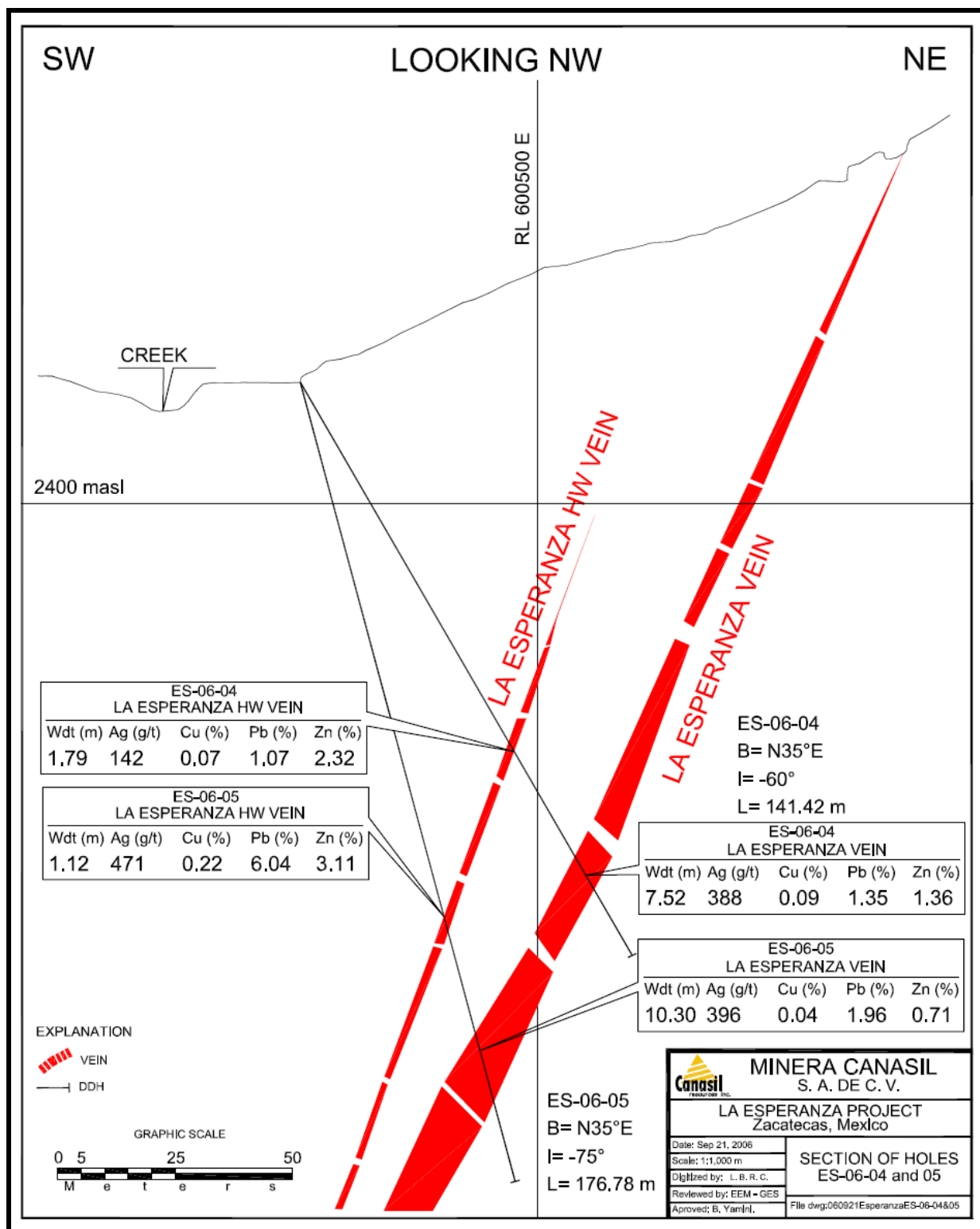


Figure 13.6 Section through drill holes ES-06-04 & ES-06-05.

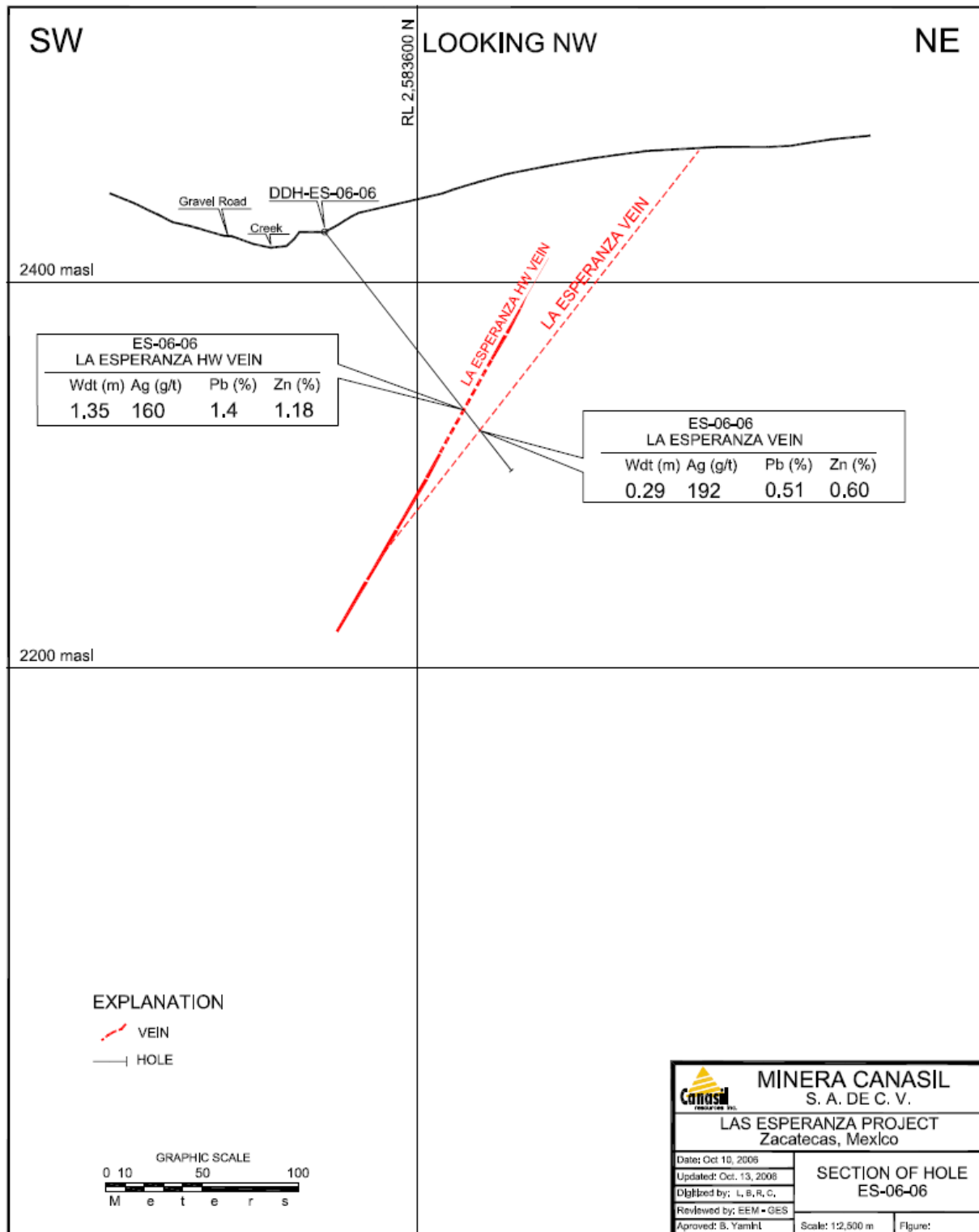


Figure 13.7 Section through drill hole ES-06-06.

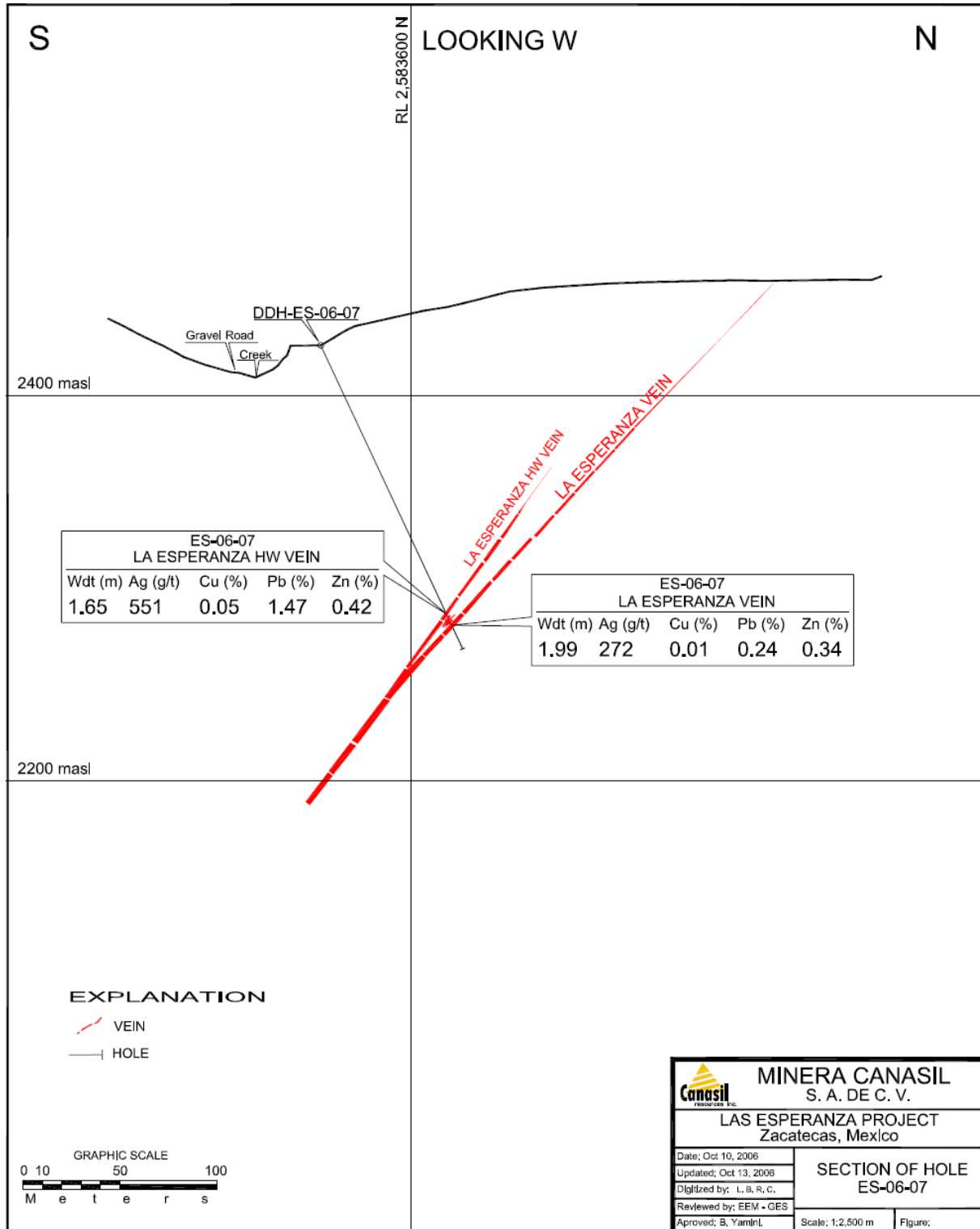


Figure 13.8 Section through drill hole ES-06-07

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HOLE No	UTM COORDINATES		ELEV. (m)	BEARING (°)	INCL (°)	INT. ANGLE	TOTAL DEPTH (m)	INTERCEPT (m)			TRUE WIDTH (m)	SAMPLE NUMBER	Au	Ag	Cu	Pb	Zn
	E	N						g/t					%	%	%		
ES-06-02	600,534	2,583,521	2,426	N60°E	-85	35	131.06										
	Total Vein							98.80	107.74	8.94	6.11	5011-5027	0.03	177	0.03	0.88	1.09
	La Esperanza vein							101.68	107.74	6.06	3.46	5017-5026	0.03	249	0.03	1.22	1.48
	Includes and							101.68	104.17	2.49	1.42	5018-5021	0.04	458	0.06	2.31	2.20
ES-06-03	600,504	2,583,543	2,426	N38°E	-83	55	112.47										
	Hangingwall vein							78.90	80.66	1.76	1.44	5035-5036	0.05	274	0.008	0.096	0.197
	Best grade interval							78.90	79.74	0.84	0.69	5035	0.05	449	0.008	0.091	0.202
	La Esperanza Vein							102.80	104.30	1.50	1.23	5046-5048	0.07	287	0.11	2.12	0.38
ES-06-04	600,464	2,583,616	2,426	N35°E	-60	50	141.42										
	Hangingwall vein							88.45	90.80	2.35	1.79	5050-5053	0.09	142	0.07	1.07	2.32
	La Esperanza Vein							116.83	127.25	9.86	7.52	5058-5077	0.22	388	0.09	1.35	1.36
	Includes and							118.92	121.58	2.66	2.03	5061-5065	0.24	634	0.10	1.45	1.56
ES-06-05	600,464	2,583,616	2,426	N35°E	-75	52	176.78										
	Hangingwall vein							118.46	119.88	1.42	1.12	5083-5085	0.03	471	0.22	6.04	3.11
	La Esperanza Vein							147.82	160.92	13.10	10.30	5116-5131	0.04	396	0.04	1.96	0.71
	Includes and							147.82	152.03	4.21	3.31	5116-5120	0.04	746	0.05	2.20	0.57
	Stockwork							154.35	159.10	4.75	2.73	5124-5118	0.02	389	0.03	3.30	0.97
ES-06-06	600,463	2,583,553	2,426	N10°E	-65	45	156.97										
	Hangingwall vein							116.23	118.15	1.92	1.35	5135-5136	0.02	160	0.02	1.40	1.18
	Includes							116.23	117.20	0.97	0.68	5135	0.02	232	0.02	0.28	0.32
	La Esperanza Vein							130.35	130.76	0.41	0.29	5151	0.05	192	0.02	0.51	0.60
	Stockwork							118.15	130.35	12.20	8.59	5137-5150	0.05	17	0.01	0.22	0.32
ES-06-07	600,506	2,583,538	2,426		90	57	173.73										
	Hangingwall vein							152.68	154.65	1.97	1.65	5163-5165	0.27	551	0.05	1.47	0.42
	Includes							152.68	153.60	0.92	0.77	5163-5164	0.48	945	0.07	1.95	0.35
	La Esperanza Vein							160.02	162.40	2.38	1.99	5174-5175	0.02	272	0.01	0.24	0.34
ES-06-08	600,506	2,583,538	2,426	0	-90	22	215.35										
	La Esperanza vein							183.85	196.40	12.55	4.69	5188-5204	0.30	115	0.06	1.30	1.02
	Includes and							183.85	189.30	5.45	2.04	5188-5194	0.28	122	0.04	1.66	0.96
	Stockwork							192.63	196.40	3.77	1.41	5199-5204	0.08	168	0.09	1.57	1.04
												0.01	7	0.01	0.04	0.25	

Table 13.2 Summary of Phase 1 Drill Holes at the La Esperanza Project (from Enriquez, 2006b).

14.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

14.1 Sampling Personnel and Security

Esperanza sampling data is from samples collected by Canasil personnel and consultants. The writer has worked with a number of the geologists that have worked for Canasil and found them to be capable 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, 2006b), a geologist with extensive experience mapping and evaluating epithermal Au-Ag vein deposits in the volcanic field of the Sierra Madre. Samples are secured on site and mineralized vein material is split with a diamond saw with half of the material submitted to SGS prep laboratory in Durango, Durango for preparation and assay and the remainder of the core secured in Canasil's Durango storage facility. A split of rejected pulp is shipped by courier service directly to referee laboratory ALS-Chemex in Hermosillo.

Core is generally picked-up from the drill by Canasil employees and delivered to a secure core facility in Durango.

14.2 Sample Preparation and Analytical Procedures

Canasil reports on the Esperanza Assay sheets indicate that Esperanza 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 (30 grams of material) 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 Esperanza Property on August 1st, 2006. The field examinations included examination of the surface and safe areas of the Esperanza underground workings. After a review of the files on the property in Canasil's Durango office, the writer was of the opinion that the Esperanza vein structures represented a cost effective Au-Ag exploration target for development of direct shipping 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 painted 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. Duplicates, blanks and internal standards are used to at least the extent recommended by CIM best practices. The writer believes that Canasil meets its objective of

ensuring that data is of the highest quality and that all data disclosed meets or exceeds CIM Best Practice Guidelines and NI 43-101 standards of disclosure.

15.2 Verification of Sampling and Analytical Data by Author (Figures 9.2 & 13.1; Table 15.1)

The writer toured the Esperanza property with Canasil's exploration manager Erme Enriquez on August 1st, 2006 and collected three surface samples from the Esperanza project area. The samples are from the Esperanza vein systems and support the presence of the significant grades obtained by Canasil geologists. The writer's samples and locations are summarized in Table 15.1. 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 Esperanza Property.(060801).

SAMPLE #	LOCATION UTM E/N	TYPE	WIDTH	ZINC %	Lead %	AG g/t	COMMENTS
97882	0600586E 2583575N	Chip	2.0m	0.36	0.46	141	▲42 LIMY SED
97883	0600517E 2583685N	Dump	Select	0.45	2.48	1,117	▲43 W. BARITIC V. GREY QTZ
97884	0600494E 2583538N	Dump	Grab	3.11	3.76	544	▲44 15M RANDOM GRABS

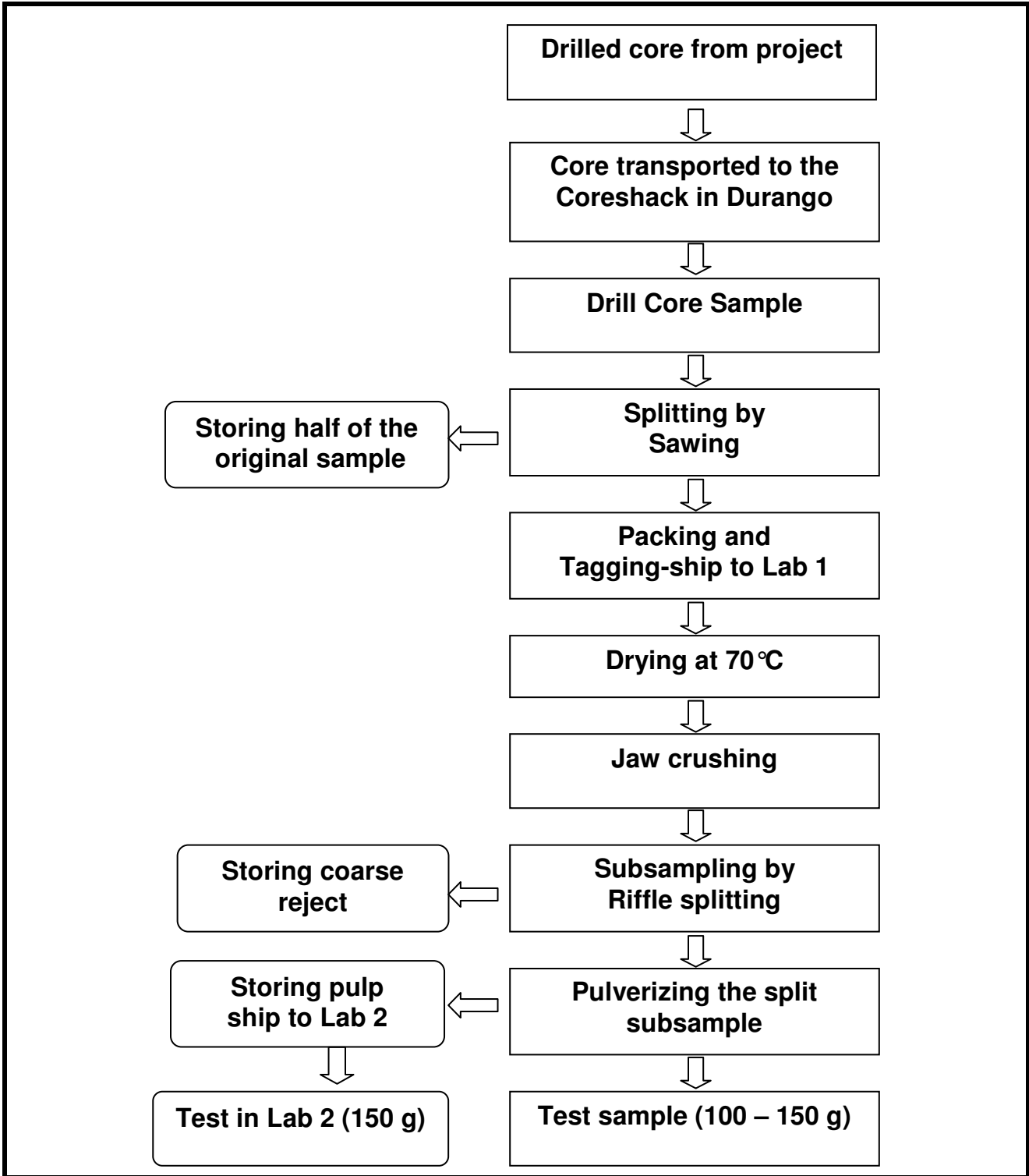


Figure 15.1 Flow chart of sample preparation for La Esperanza drill core samples (Enriquez, 2006)

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, Esperanza and Colibri projects prepared for an initial drilling phase and the San Francisco, Los Azules and Salamandra requiring additional drill target definition and at 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 La Esperanza project area.

The Bacis Mine, owned by Bacis and the Tyoltita Mine owned by Luismin are significant gold and silver vein mines located about 100 km and 130 km north of the Esperanza Project, respectively. The nearby locations of Fist Majestic Resources' La Parilla Mine (Ag, Zn, PB), Pan American Silver's La Colorada Mine (Au-Ag) and Grupo Mexico's San Martin Mine (Ag, Cu, PB, Zn) are shown on Figure 6.1. The presence of these deposits ad other significant mines and deposits (Figure 6.2) indicates that the Esperanza project area is situated in a highly prospect sector of the Sierra Madre Occidental.

17.0 MINERAL PROCESSING & METALLURGICAL TESTING

17.1 Mineral Processing and Metallurgical Testing

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

18.0 MINERAL RESOURCE & MINERAL RESERVE ESTIMATES

18.1 Mineral Resource Estimates (Figure 18.1)

At the present time the Esperanza property **does not contain demonstrated mineral reserves or resources with current resource estimates**. The drilling programs being conducted should define mineralization necessary for current resource estimates that can be used for a preliminary assessment of the Esperanza project.

The potential for developing resources has been discussed by Enriquez (2005b) who stated that, "It is estimated that more than half of the exploited oreshoots are still insitu. This observation is based on the textures of the vein that can be found in the dumps..." The observation by Enriquez suggests that the mineralized shoot extends for 250 to 300m and the deposit model suggests a dip potential is from 200 to 400m. The mineralized intercepts are between 2 and 8 meters with an average width between 4 and 5 meters. The grade appears to be in the range of 300 to 400 g/t silver and 2.0 to 5.0% combined lead and zinc. Using a specific gravity figure of 2.6 (Enriquez, 2006b) and maximum dimensions of 300m by 400m by 5m results in an exploration target of 1,560,000 tonnes. Using minimum dimensions of 250m by 200m by 4m yields an exploration target of 520,000 tonnes.

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 2 drilling program. In the writer's opinion, the Phase 2 program is a worthwhile investment for Canasil and results from the initial drilling provide justification for the recommended Phase 2 drilling program.

Bulk density measurements have been started by Canasil using the Caliper method described by Lipton (2001). Only core from hole ES-06-08 was. The results of 12 measurements are shown in Table 19.1 below. Additional bulk density measurements are required to provide data for a current resource estimate following Phase 2 drilling.

Sufficient data has been accumulated from Phase 1 drilling to start laboratory comparisons between SGS and Chemex. A tabulation of the Phase 1 drilling results by Enriquez is appended as Table A2. The tabulation shows that SGS assay values for silver are consistently lower and for the La Esperanza vein, SGS values are about 12% lower than Chemex values. A possible explanation might be a more complete digestion being obtained by Chemex. All data reported by Canasil and included in this report has been based on the lower values reported by SGS, and is therefore a conservative presentation of the results.

The variation in assay results should be further evaluated during the Phase 2 program

Table 19.1 La Esperanza Project, Dry Bulk Density Determinations (from Enriquez, 2006b)

DDD ES-06-08		La Esperanza Vein				π = 3.1416	
Depth (m)	Core Dia.(cm)	Average	Core	V' (cm ³)	Ms ² (g)	ρ _d ³ (g/cm ³)	Litho
		Core Dia.(cm)	Length (cm)				
175.75	5.02 5.02 5.02	5.02	9.251	182.95	458.80	2.51	vein
176.78	5.03 5.03 5.03	5.03	9.094	180.40	448.00	2.48	vein
178.00	5.02 5.01 5.02	5.02	11.579	229.02	588.60	2.57	vein
179.00	5.02 5.02 5.03	5.02	11.586	229.47	616.50	2.69	vein
180.00	5.03 5.04 5.04	5.03	12.256	243.93	653.20	2.68	vein
186.00	5.04 5.03 5.04	5.04	9.738	193.89	500.90	2.58	vein
187.00	5.03 5.03 5.03	5.03	11.356	225.63	611.70	2.71	vein
188.00	5.04 5.04 5.04	5.04	10.048	200.57	533.10	2.66	vein
189.25	5.03 5.03 5.03	5.03	9.993	198.76	510.90	2.57	vein
191.00	5.03 5.04 5.03	5.03	11.524	229.24	587.80	2.56	vein
191.95	5.03 5.02 5.02	5.02	10.007	198.35	503.70	2.54	vein
193.00	5.02 5.02 5.03	5.03	11.0	218.53	571.00	2.61	vein
196.00	5.08 5.07 5.08	5.08	12.053	243.88	618.40	2.54	vein
198.00	5.08 5.08 5.08	5.08	11.395	230.96	605.70	2.62	vein
Average						2.59	

20.0 INTERPRETATION AND CONCLUSIONS

20.1 Conclusions and Recommendations

The Esperanza Project area is situated in a geological and tectonic environment that hosts numerous epithermal precious and base metal vein deposits. Previous development and the initial sampling programs by Canasil have defined priority drill sites to test the Esperanza vein along strike and dip from previous workings. The initial results suggest that Phase 2 drilling is required to define current resources necessary for a preliminary assessment of the project.

21.0 WORK RECOMMENDATIONS

21.1 Summary Recommendation of Two Phases of Work

21.2 Recommendation of Phase One Work

The writer also recommended a US\$150,000 Phase 1 1,200-meter diamond drill program to explore extensions from previous mining on the La Esperanza vein system. The actual Phase 1 program consisted of 8 holes totaling 1182.45 meters and the actual Phase 1 budget is not yet finalized but estimated at about \$190,000 Table 21.1.

21.3 Recommendation of Phase Two Work

A Phase 2 should be divided into Phase 2A, 2,500-meter drill program, for further drilling along the vein strike and dip and resource definition, and a Phase 2B consisting of an initial current resource estimate and preliminary assessment (scoping study). The Phase 2A is estimated to cost US\$450,000 and The Phase 2B is estimated to cost US\$50,000.

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 2 programs and the programs represent a worthwhile investment by Canasil. The writer believes that the Phase 1 program has sufficient success to justify the Phase 2A drilling program and the Phase 2A drilling will result in current resource estimate and preliminary assessment (Phase 2B).

TABLE 21.1 PROGRAM AND BUDGET FOR PHASE 1 ON ESPERANZA PROPERTY, DURANGO STATE, MEXICO (Successfully Completed)

.Work Type	Description	Total Length	Estimated Cost
First Phase Total in US Dollars (estimated at about)			\$190,000

TABLE 21.2 WORK PROGRAM AND BUDGET FOR PHASE 2A ON ESPERANZA PROPERTY (Recommended and Warranted)

.Drill Holes	Description	Total Length	Estimated Cost
Project Preparation			5,000
Roads and Drill Sites			3,000
Diamond Drilling	10-12 holes	2500 meters	240,000
Personnel			30,000
Room & Board			8,000
Sampling & Mapping			4,000
Geochemical Cost			50,000
Travel			10,000
Vehicles			8,000
Supplies & Equip.			2,000
Permitting, Claim Fees, Legal			10,000
Reporting & Engineering			15,000
Management			30,000
Office charges			10,000
Contingency			15,000
Phase 2A Total in US Dollars			\$450,000

TABLE 21.3 PROGRAM AND BUDGET FOR PHASE 2B ON ESPERANZA PROPERTY, DURANGO STATE, MEXICO (Recommended and Warranted)

.Work Type	Description	Total Length	Estimated Cost
Data Entry & Technical Report			5,000
Resource Estimate			10,000
Scoping Study			20,000
Travel			5,000
Vehicles			1,000
Office charges			5,000
Contingency			4,000
Phase 2B Total in US Dollars			\$50,000

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23.0 SIGNATURE, STAMP AND DATE

Signed and stamped at Vancouver, B.C., on the 10th day of November 2006.

“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, Papua 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 La Esperanza Project area on August 1st, 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 10th day of November 2006.

“Peter A. Christopher”

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

APPENDIX A

Table A1 - Significant assay results by sample intervals for ES-06-03 & 04 (Canasil NR 06-18 (060914)).

Sample No.	Interval - Metres		Width Metres	Grades			
	From	To		Silver g/t	Silver oz/t	Zinc %	Lead %
La Esperanza Project - Diamond Drill Hole ES-06-03							
5035	78.90	79.74	0.84	449	13.1	0.202	0.091
5036	79.74	80.66	0.92	114	0.41	0.193	0.101
Average	78.90	80.66	1.76	274	7.99	0.20	0.10
5046	102.80	103.93	1.13	289	8.43	0.304	2.660
5047	103.93	104.30	0.37	280	8.17	0.600	0.460
Average	102.80	104.30	1.50	287	8.37	0.38	2.12
La Esperanza Project - Diamond Drill Hole ES-06-04							
5050	88.45	89.10	0.65	224	6.53	1.55	0.972
5051	89.10	89.91	0.81	135	3.94	2.30	1.290
5052	89.91	90.42	0.51	40	1.17	1.42	0.270
5053	90.42	90.80	0.38	154	4.49	4.90	1.830
Average	88.45	90.80	2.35	142	4.14	2.32	1.07
5058	116.83	117.86	1.03	126	3.68	4.12	1.650
5059	117.86	118.48	0.62	155	4.52	3.49	3.200
5060	118.48	118.92	0.44	140	4.08	1.57	1.600
5061	118.92	119.50	0.58	492	14.35	4.56	4.730
5062	119.50	120.00	0.50	708	20.65	0.860	0.462
5063	120.00	120.62	0.62	972	28.35	0.434	0.261
5064	120.62	121.10	0.48	502	14.64	1.18	0.810
5065	121.10	121.58	0.48	424	12.37	0.489	0.680
5066	121.58	121.92	0.34	240	7.00	0.466	2.180
5067	122.48	123.00	0.52	106	3.09	0.284	0.961
5068	123.00	123.44	0.44	11	0.32	0.546	0.770
5069	123.44	124.00	0.56	34	0.99	0.597	0.300
5070	124.00	124.47	0.47	96	2.80	0.631	0.592
5071	124.47	124.96	0.49	355	10.35	0.533	0.550
5072	124.96	125.66	0.70	357	10.41	0.259	0.390
5073	125.66	125.80	0.14	173	5.05	0.872	0.441
5074	125.80	126.33	0.53	481	14.03	0.162	1.350
5075	126.33	126.80	0.47	315	9.19	0.247	1.800
5076	126.80	126.90	0.10	259	7.55	0.522	1.150
5077	126.90	127.25	0.35	2,203	64.25	0.412	2.170
Average	116.83	127.25	9.86	388	11.32	1.36	1.35
Incl.	118.92	121.58	2.66	634	18.49	1.56	1.45
And	124.47	127.25	2.78	593	17.30	0.35	1.09

Table A2 - Comparison of SGS Results with ALS Chemex Results for Phase 1 Drilling.

HOLE No		UTM COORDINATES		ELEV. (m)	BEARING (°)	INCL (°)	INT. ANGLE	TOTAL DEPTH (m)	INTERCEPT (m)			TRUE TICKNESS (m)	SAMPLE NUMBER	SGS Average Grade					CHEMEX Average Grade					Difference SGS vs Chemex				
									FROM	TO	(m)			Au	Ag	Cu	Pb	Zn	Au	Ag	Cu	Pb	Zn	Au	Ag	Cu	Pb	Zn
														g/t	%	%	%	g/t	%	%	%	g/t	%	%	%			
ES-06-02	600,534	2,583,521	2,426	N60°E	-85	35	131.06	98.80	107.74	8.94	5.11	5011-5026	0.03	177	0.03	0.88	1.09	0.02	189	0.07	0.97	1.27	0.01	-11.53	-0.05	-0.09	-0.18	
	Mineralized interval							101.68	107.74	6.06	3.46	5017-5026	0.03	249	0.03	1.22	1.48	0.03	260	0.08	1.36	1.72	0.01	-11.36	-0.06	-0.14	-0.24	
	Best grade interval							101.68	104.17	2.49	1.42	5018-5021	0.04	458	0.06	2.31	2.20	0.04	479	0.13	2.51	2.60	0.00	-21.18	-0.07	-0.20	-0.40	
	High grade interval							102.60	103.75	1.15	0.66	5019-5020	0.01	615	0.05	2.12	3.37	0.01	641	0.13	2.22	3.91	0.00	-25.94	-0.08	-0.11	-0.54	
ES-06-03	600,504	2,583,543	2,426	N38°E	-83	55	112.47																					
	Hangingwall vein							78.90	80.66	1.76	1.44	5035-5036	0.05	274	0.008	0.096	0.197	0.005	300	0.003	0.084	0.138	0.05	-25.86	0.01	0.01	0.06	
	Best grade interval							78.90	79.74	0.84	0.69	5035	0.05	449	0.008	0.091	0.202	0.005	501	0.003	0.077	0.131	0.05	-52.00	0.01	0.01	0.07	
	La Esperanza Vein							102.80	104.30	1.50	1.23	5046-5048	0.07	287	0.11	2.12	0.38	0.025	295	0.111	2.052	0.315	0.04	-8.70	0.00	0.07	0.06	
ES-06-04	600,464	2,583,616	2,426	N35°E	-60	50	141.42																					
	Hangingwall vein							88.45	90.80	2.35	1.79	5050-5053	0.09	142	0.07	1.07	2.32	0.01	138	0.07	1.05	2.44	0.08	4.16	0.00	0.02	-0.12	
	La Esperanza Vein							116.83	127.25	9.86	7.52	5058-5077	0.22	388	0.09	1.35	1.36	0.19	412	0.08	1.34	1.45	0.03	-23.59	0.00	0.01	-0.09	
	Includes							118.92	121.58	2.66	2.03	5061-5065	0.24	634	0.10	1.45	1.56	0.25	666	0.10	1.49	1.79	-0.02	-32.31	0.00	-0.04	-0.23	
ES-06-05	600,464	2,583,616	2,426	N35°E	-75	52	176.78																					
	Hangingwall vein							118.46	119.88	1.42	1.12	5083-5085	0.03	471	0.22	6.04	3.11	0.04	497	0.21	6.02	3.26	-0.01	-25.78	0.01	0.02	-0.15	
	La Esperanza Vein							147.82	160.92	13.10	10.30	5116-5131	0.04	396	0.04	1.96	0.71	0.05	405	0.04	1.99	0.71	-0.01	-9.20	0.00	-0.03	0.00	
	Includes							147.82	152.03	4.21	3.31	5116-5120	0.04	746	0.05	2.20	0.57	0.06	761	0.05	2.19	0.69	-0.02	-14.44	0.00	0.01	-0.02	
ES-06-06	600,463	2,583,553	2,426	N10°E	-65	45	156.97																					
	Hangingwall vein							116.23	118.15	1.92	1.35	5135-5136	0.02	160	0.02	1.40	1.18	0.01	162	0.02	1.38	1.12	0.01	-1.71	0.00	0.02	0.06	
	Includes							116.23	117.20	0.97	0.68	5135	0.02	232	0.02	0.28	0.32	0.01	230	0.01	0.25	0.32	0.02	2.00	0.01	0.03	0.00	
	La Esperanza Vein							130.35	130.76	0.41	0.29	5151	0.05	192	0.02	0.51	0.60	0.01	199	0.02	0.53	0.60	0.04	-7.00	0.00	-0.02	-0.01	
ES-06-07	600,506	2,583,538	2,426	90	57	173.73																						
	Stockwork							118.15	130.35	12.20	8.59	5137-5150	0.05	17	0.01	0.22	0.32	0.01	19	0.01	0.18	0.33	0.04	-1.49	0.00	0.04	0.00	
	La Esperanza Hw vein							152.68	154.65	1.97	1.65	5163-5165	0.27	551	0.05	1.47	0.42	0.24	567	0.05	1.62	0.54	0.03	-16.40	0.00	-0.15	-0.13	
	Includes							152.68	153.60	0.92	0.77	5163-5164	0.48	945	0.07	1.95	0.35	0.40	953	0.07	2.10	0.40	0.07	-7.78	0.00	-0.15	-0.06	
ES-06-08	600,506	2,583,538	2,426	-90	22	215.35																						
	La Esperanza Vein							160.02	162.40	2.38	1.99	5174-5175	0.02	272	0.01	0.24	0.34	0.03	311	0.01	0.28	0.47	-0.01	-39.47	0.00	-0.05	-0.13	
	Stockwork between veins							154.65	160.02	5.37	4.49	5166-5171	0.02	29	0.01	0.13	0.23	0.02	47	0.02	0.33	0.58	0.00	-18.03	-0.01	-0.20	-0.35	
	Hangingwall vein							183.85	196.40	12.55	4.69	5188-5204	0.30	115	0.06	1.30	1.02	0.13	115	0.063	1.41	1.75	0.18	0.50	0.00	-0.11	-0.72	
ES-06-08	600,506	2,583,538	2,426	0	-90	22	215.35																					
	Includes							183.85	189.30	5.45	2.04	5188-5194	0.28	122	0.04	1.66	0.96	0.15	128	0.04	1.76	1.46	0.13	-6.14	0.00	-0.10	-0.51	
	La Esperanza Vein							192.63	196.40	3.77	1.41	5199-5204	0.08	168	0.09	1.57	1.04	0.09	157	0.10	1.77	1.77	-0.01	-39.47	0.00	-0.05	-0.73	
	Stockwork							199.13	205.97	6.84	2.56	5208-5214	0.01	7	0.01	0.04	0.25	0.01	4	0.008	0.039	0.329	0.00	2.79	0.00	0.00	-0.08	